Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	$L125.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia	Rm4.25	Thailand	Bht50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	NKr8.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,337 Tuesday September 15 1987 D 8523 A

Argentina: Peronists hold the key to power: Page 20

World News

Hungary, Israel renew ties after 20 years

Israel and Hungary have renewed relations after a 20-year break over the 1967 Middle East war - a move underscoring improved ties between the Jewish state and the East Bloc.

They signed an agreement in Bern, Switzerland, to set up interest offices in Tel Aviv and Budapest.

Yugoslavia may act

Agrokomerc, Yugoslav agro-industrial complex which issued uncovered promissory notes worth $800m, is only one of many Yugoslav enterprises which have been involved in illegal activities, says a Yugoslav accountancy service. Page 3

France arrests agent

French authorities have arrested a former secret agent who accused the Government of dismantling a covert-action squad after the Rainbow Warrior scandal. Page 2

Referendum criticism

Australia has joined its Pacific neighbours in outspoken criticism of Sunday's referendum in New Caledonia. Page 4

Filipino speaks out

Colonel Gregorio Honasan, who led an unsuccessful coup in the Philippines 16 days ago, has denied that he planned to kill President Aquino. Page 4

Canadian auto strike

Some 10,000 members of the Canadian Auto Workers union at four Chrysler Canada plants were poised to strike yesterday as the midnight deadline for a deal to be reached in new contract negotiations loomed.

Afghanistan talks

Afghanistan and Pakistan narrowed the gap between them but failed in four days of talks in Geneva to agree on a timetable for the withdrawal of some 115,000 troops from Afghanistan.

South Africa shootings

Three suspected African National Congress guerrillas, who entered South Africa from Zimbabwe, were shot dead by police and troops, a military spokesman said. Page 4

Soviet Minister dies

Soviet Radio Industry Minister Mr Pyotr Pleshakov, who was appointed in 1974, died on Sunday after a long illness, Tass reported. He was 65.

Greek diplomats strike

About 400 Greek diplomats in Athens and overseas embassies started a five-day strike for increased salaries, as they say they have not received a pay rise for more than two years.

Japanese tourists

Japan plans almost to double the number of tourists travelling abroad to more than 10m over the next five years to help reduce its huge current account surplus.

Singapore birth rate

Singapore, which for 20 years proclaimed, "Two is enough" in a birth control campaign, is now predicting calamity because of its slumping birth rate, which fell last year to the world's lowest of 1.44 for all women of child-bearing.

Beirut editor shot

Hassan Sabra, editor of the Lebanese Ash Shiraa weekly which exposed US arms sales to Iran in exchange for US hostages, was shot and badly wounded in an assassination attempt.

Tunisians on trial

Tunisian state prosecutor Mr Mohamed Zayani has asked for the death penalty against 90 Moslem fundamentalists accused of plotting to overthrow the Tunisian Government.

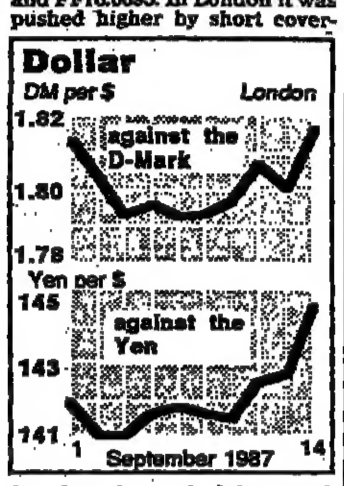
Business Summary

Chemical sheds 2,000 staff in cutbacks

CHEMICAL NEW YORK, big US money centre bank, is cutting its staff by 10 per cent, or about 2,000 people, and initiating a company-wide austerity programme, at the cost of a $135m before tax charge. Page 21

FERRUZZI, Italian food and agriculture group, is to pay $365m to buy Central Soya of Fort Wayne, Indiana, a leading US producer of soybean seeds. Page 21

DOLLAR closed in New York at DM1.8180, Y144.55, SFr1.5090 and FFr6.0695. In London it was pushed higher by short covering, but the underlying sentiment suggested the trend would be short-lived. The dollar rose to DM1.8170 from DM1.8005 and to Y144.40 from Y142.80. Page 35



GOLD fell in London to $456.25 from $459.00. It also fell in Zurich to $456.75 from $459.75. Page 34

STERLING closed in New York at $1.6365. It fell in London to $1.6370 ($1.6505) and FFr9.9325 (FFr9.9450) but rose to DM2.9750 (DM2.9725); SFr2.4675 (SFr2.4575); and to Y236.50 (Y235.75). The pound's exchange rate index fell 0.2 to 72.9. Page 35

WALL STREET: The Dow Jones industrial average closed 4.3 up at 2,613.04. Page 46

LONDON: Investors took heart from market trends in Tokyo and New York and speculative buying pushed equities higher. The FT-SE 100 index closed up 10.6 at 2,271.8 and the FT Ordinary index was 4.4 higher at 1,763.2. Details, Page 42

TOKYO: Nudged by strong technology stocks and selected chemicals, the Nikkei average closed 125.75 higher at 24,954.02. Page 46

TRAFALGAR HOUSE, UK shipping, property and construction company, emerged as the mystery buyer of shares in Costain - holding just under 5 per cent of the British construction and mining group's equity. Page 21

BRITISH TELECOM, UK's embattled telephone company, is almost certain to face a major investigation of its pricing arrangements next year by the UK Monopolies and Mergers Commission. Page 14

BRITAIN'S manufacturing industry faced another rise in its fuel and raw materials costs last month, raising concern over the longer term prospects for inflation. Page 14

FIRST BOSTON, major US investment bank, has been ousted from an underwriting group involved in an offering of some $1bn of new Citicorp shares because of a potential conflict of interest. Page 21

IBM, world's largest computer company, will be a major competitor for leading software houses in future years, said Frank Gaudette, chief financial officer of Microsoft. Page 21

COFIDE, ultimate holding company of Carlo De Benedetti's expanding Italian, French and Spanish industrial-financial empire, unveiled trebled net profit of L29.5bn ($22.5m) for the year ended June 30, as against net profit of L9.2bn in 1986. Page 25

PUMA, the loss-making West German sports shoe and clothing manufacturer, expects to stay in the red as a result of further losses in its US business.

Rome acts to calm the currency storm

BY JOHN WYLES IN ROME

THE INELEGANT haste with which the new Italian Government rushed out emergency measures to defend the lira on Sunday evening underlines the dour struggle underway in Rome to convince the markets that the economy is under firm management after months of drift.

While Mr Giuliano Amato, Treasury Minister, and Mr Carlo Azeglio Ciampi, Governor of the Bank of Italy, were attending the weekend conference of EC finance ministers in Denmark, their staffs had been drafting a response to mounting speculation against the currency which forced the central bank to spend some $2bn in its defence last week.

Since the beginning of August, when Mr Giovanni Goria's Government came into office, the bank's total outlay is thought to have been about $7bn.

Speeding from the airport to a crisis meeting with Mr Renato Ruggiero, the Minister for Foreign Trade, Mr Amato and Mr Ciampi agreed a package of measures which they hoped would calm the currency storm and buy the Government time to prepare a 1988 budget proposal capable of generating some confidence that structural weaknesses in the economy - above all the public sector deficit - are being addressed.

Initial market reactions yesterday were positive. The lira's key rate against the D-Mark strengthened from Friday's L724.95 to L721.75. It also rose against other European currencies.

Both the central bank and the Treasury were stressing yesterday that the latest measures did not represent any backsliding from Italy's commitment fully to liberalise exchange controls by 1992.

While conceding that they do bring back controls on the foreign currency financing of imports and exports which were relaxed in May, the authorities stressed that the freedom which was then granted to purchase foreign securities remains completely unaffected.

"We are still in line with EC currency liberalisation requirements," said one Bank of Italy official.

He said that since May the volume of foreign securities purchases by mutual funds and private individuals had been in line with expectations at about $1bn a month.

The $1bn Euromarket loan which Italy raised yesterday is partially intended to offset the outflow and will be followed by others. Above all, though, officials hope that foreign investors will take Italian liberalisation seriously and put money into the country.

At the heart of the new measures lies the reintroduction of the "corset" which was last strapped around bank lending in the first half of 1986. For most of the year, bank loans have been expanding at an annual rate of just over 13 per cent, and the new restrictions, which will run until the end of next March, are aimed at bringing them back down to 8 per cent for this year and next.

Banks who fail to meet the targets will have to place punitive non-interest bearing deposits with the Bank of Italy. Success should then put credit expansion in line with the growth of nominal gross domestic product whose basis, the central bank expects, will be a 4.5 per cent inflation rate and 3.5 per cent real growth.

Continued on Page 20

Lira action surprises central bankers, Page 2

Reagan urges global end to intermediate nuclear missiles

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE US has formally presented detailed proposals for the global elimination of all shorter and longer intermediate range nuclear missiles to the Soviet Union at the Geneva arms talks, President Ronald Reagan announced yesterday.

'It is up to the Soviet Union now to demonstrate whether it shares our determination to conclude a treaty eliminating all US and Soviet intermediate nuclear forces (INF) missiles,' Mr Reagan said.

The move came on the eve of a crucial round of talks which Mr Reagan and Mr George Shultz, his Secretary of State, will begin today in Washington with Mr Eduard Shevardnadze, the Soviet Foreign Minister.

Mr Reagan said the formal US proposals called for the elimination of longer range missiles, which can travel 600 to 3,000 miles, within three years and the elimination of shorter range weapons, which can travel 300 to 600 miles, within a year.

Mr Shevardnadze is scheduled to begin the talks this morning at the State Department before meeting Mr Reagan, when he and Mr Shultz are due to sign a US/Soviet agreement for the establishment of nuclear risk reduction centres, designed to allow the two countries to exchange information and data so as to reduce the danger from nuclear accidents.

On his arrival in Washington on Sunday Mr Shevardnadze disclosed he had brought a letter for President Reagan from Mr Mikhail Gorbachev, the Soviet leader.

On whether this week's talks would lay the foundation for a Reagan/Gorbachev summit in Washington later this year, Mr Shevardnadze said that would 'depend on the results of our work here.' Mr Gorbachev has insisted he would not come to Washington unless an arms control accord can be signed.

The White House sees the conclusion of an arms control accord with Moscow as a major political opportunity which would help Mr Reagan put the adverse impact of the Iran/Contra arms scandal behind him and provide him with the clear-cut foreign policy success which has eluded him so far.

Already arms control experts on Capitol Hill are saying the prospects of an accord are helping the President in his battles with Congressional liberals who are critical of his defence and strategic policies.

But Administration officials, who have been torn between playing down expectations of this week's talks and trumpeting the accord which seems to be within their grasp, were yesterday insisting there were still awkward details to be resolved.

US officials said yesterday the proposal presented in Geneva followed discussions with US allies about the detailed verification provisions, when for example inspections to establish that a treaty is being properly implemented can be carried out and for how many years.

One official said other issues relating to how the elimination of each side's missiles should be phased in, given that Moscow had more missiles to eliminate than the US, and over what period, also needed to be resolved. Officials said the Soviet Union was looking for a five-year period for the elimination of longer range missiles, not the three years the US was talking about.

Iraq tells UN it wants sanctions against Iran

BY TONY WALKER IN BAGHDAD AND OUR FOREIGN STAFF IN LONDON

THE GULF PEACE mission by UN Secretary-General Javier Perez de Cuellar yesterday appeared to have run into the sand as Iraq demanded sanctions against Iran because of its failure to accept unequivocally the Security Council resolution calling for a ceasefire in the seven-year war.

Iran has demanded that the resolution must be accompanied by a strong condemnation of Iraq as the aggressor for having started the conflict. Iraq insists that the resolution remain unchanged.

After talks with the UN Secretary-General, Mr Tariq Aziz, Iraq's Foreign Minister, accused Iran of stalling tactics in refusing to say whether it accepted resolution 598 adopted on July 20 which calls for withdrawal of forces to pre-war boundaries.

Mr Aziz's comments indicate the extent of Iraqi concern over Iran's acceptance of some elements in the UN resolution and rejection of others as an apparent means of avoiding a clearly stated position.

Iran has said that, while there were some positive features in resolution 598, it was unacceptable because it did not specifically name Iraq as the aggressor in the conflict.

Iran, the Iraqi official said, was following such tactics in order to continue the war against Iraq and Gulf states. In his talks with Mr Perez de Cuellar, he had argued strongly for sanctions against Iran because of its refusal to abide by the terms of the UN resolution.

The July 20 resolution includes provision for discussion

Continued on Page 20

Saatchi on acquisition trail

BY CLAY HARRIS IN LONDON

SAATCHI and Saatchi, the British advertising and consultancy group, is aiming to make a major move into financial services - probably by acquisition - before the end of the year.

In the wake of the rebuff by Midland Bank, Britain's fourth largest commercial bank, of Saatchi's takeover approach, the world's largest advertising agency said yesterday that it was discussing possible mergers - or other forms of partnership - with a number of British financial services groups.

Saatchi also said that it was separately engaged in discussions in the US with one or more of the world's leading accountancy firms, also with an acquisition in mind.

Saatchi would not identify which financial service groups in particular it was seeking, but it indicated that a merchant bank was the most likely target. Although this would focus immediate attention on Hill Samuel or Morgan Grenfell, for example, a Saatchi spokesman said: "Some of the people we're talking to aren't currently being speculated about as bid targets."

The group made clear yesterday that the approach to Midland reflected a deliberate strategy to lead the way in what it expects to be a global convergence of financial and business services. Midland, however, was not a typical target for Saatchi's ambitions, merely the only name which had publicly emerged.

Midland was not typical because of its extensive retail exposure. On the other hand, it had previously pursued the goal of globalisation of financial services - before its retreat from the Crocker debacle in the US.

Saatchi wanted to test the theory that its own global exposure and experience in managing a multi-service organisation would make it an attractive partner for a financial group.

This argument is at the centre of a study prepared by Saatchi to focus on "common interests" between the group's business services - which include management consultancy, executive recruitment, direct sales, market research and public relations - and a financial services company.

As a proponent of "world-scale" businesses - avoiding any activity unless it can expect to rank in the top two or three - Saatchi would not be drawn yesterday on the possible size of any potential acquisition. Its market capitalisation of £1.03bn ($1.67bn), for example, is less than half that of Midland's £2.36bn.

Lex, Page 20

Tokyo initiative on Third World debt problems

BY IAN RODGER IN TOKYO

MR KIICHI Miyazawa, Japan's Finance Minister, will put forward proposals for easing the huge debt burdens of the developing countries at next week's annual meeting of the IMF in Washington.

Mr Miyazawa, one of the leading candidates to succeed Mr Yasuhiro Nakasone next month as Prime Minister, said in an interview with the Financial Times yesterday that the debt problem had become "more serious than it was two years ago".

Fresh approaches were needed, and Japan had a responsibility to take a leadership role, he said.

He expressed disappointment - but understanding - at the continuing US failure to reduce its budget and trade surplus and called for tougher surveillance of banks in the industrialised countries because of the "unhealthy" expansion of speculative financial activity.

He also defended recent exchange rate agreements among governments of leading industrialised countries as the *sine qua non* of exchange rate stability.

On developing countries' debt, he said the objective of the Baker plan, drawn up two years ago by Mr James Baker, the US Treasury Secretary, to help those countries grow out of their financial problems, was still valid, but "progress we have made is not perhaps as great as we had expected earlier".

He was attracted by the idea of converting debt into securities, proposed recently by Brazil, suggesting that an international organisation, such as the IMF's subsidiary, the International Finance Corporation, be charged with producing precise schemes.

Mr Miyazawa: debt initiative

"Perhaps some information or exchange of information - if not a market itself - could be developed so that the countries in debt, the creditor banks and the prospective investors might become interested," he said.

"I am thinking out loud, but it may be the right time for somebody to raise the (developing countries' debt) issue. I had hoped it would come from the US, but because of the disposition in the Congress, the US representatives (at the IMF) may have some difficulty in addressing the issue.

"We have got to do something on this. If not the US, then perhaps Japan is one of the appropriate members of the conference to raise the issue."

He acknowledged that Japan was having great difficulty adapting to the international leadership demands suddenly being placed upon it.

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Sri Lankan ceasefire threatened by Tamil ultimatum

By Mervyn de Silva in Colombo

SRI LANKA'S ceasefire appeared to be in the balance last night as the commander of the Indian peacekeeping force left for Delhi for hurried consultations with Mr Rajiv Gandhi, the Indian Prime Minister, after 140 were killed at the weekend in battles between rival Tamil guerrilla groups.

The Tamil Tigers, the most powerful of the island's minority Tamil groups, issued the Indian Government with a three-point ultimatum and announced that, unless India responded positively, Tamil guerrillas would today start fasting to death outside Indian troop camps.

The Tamils are demanding that:

- the Indian peacekeeping force confiscate all weapons which rival Tamil groups failed to surrender under the terms of the peace accord signed by President Junius Jayawardene of Sri Lanka and Mr Gandhi.
- India must compel the Sri Lankan Government to shut its army camps and police stations in the north and east, where the Tamils will have a semi-autonomous homeland under the peace agreement.
- India must ask Sri Lanka to evacuate all Sinhalese colonists who have been settled in the north and east since 1982.

India might accept the first demand as it has been regarded as only a matter of time before troops start search and confiscate exercises to reduce the guerrilla arsenals.

But the other two will not be acceptable to Mr Gandhi or President Jayawardene and would provoke a repeat of the violent demonstrations by the majority Sinhalese population, which fears the island is being driven to partition by India.

India, with a population of more than 50m Tamils in the southern state of Tamil Nadu, has been a supporter of Sri Lankan Tamil claims.

The peace agreement signed in July was supposed to bring four years of ethnic violence to an end, in return for semi-autonomy for the Tamils in the northern and eastern provinces.

But rival Tamil groups have been fighting each other since then, with the worst bloodshed occurring at the weekend when more than 140 people, including women and children, died in the eastern province.

This follows clashes in the north last week when members of the PLOT Tamil guerrillas started a "Tiger hunt" against the dominant group, killing some and attacking their offices in the Vavuniya district.

CONTENTS

BATTLE TO DEFINE SYNAGOGUE AND STATE FRONTIERS

Screening of Friday night films in Jerusalem has angered ultra-orthodox Jews, Page 4

Lira action surprises central bankers

THE ITALIAN Government's decision on Sunday to tighten currency controls to stabilise the value of the lira took central banks by suprise, FT correspondents in Frankfurt and Brussels report.

In Frankfurt, Mr Karl Otto Pöhl, president of the West German Bundesbank, said he was disappointed. He said Italian officials had not mentioned the measures at the recent meeting of central bank governors in Basle, or at last weekend's European Community discussions in Nyborg, Denmark.

"Not a good omen," he commented, after describing how the moves just agreed to improve the European Monetary System would include greater economic and financial policy co-ordination, as well as a greater readiness to intervene before upper and lower currency margins were reached.

In Brussels there was both confusion and embarrassment at the Italian measures. An official at the European Commission called the lack of consultation "bizarre."

The embarrassment arises because the finance ministers' agreement to improve co-operation coincided with the Italian announcement of its own control measures.

AIDS leaflets for Moscow

INFORMATION leaflets on AIDS are being delivered to every letterbox in Moscow, according to the government newspaper Izvestia, Reuter reports from Moscow.

About 10m leaflets, published by the Soviet Institute of Health, will be delivered in the next few days, Izvestia said.

ITALIAN CHRISTIAN DEMOCRAT LEADER SEEKS TO RE-ASSERT ROLE

De Mita faces power challenge

BY JOHN WYLES IN ROME

THE ITALIAN Christian Democrat leader, Mr Ciriaco De Mita, will make a crucial attempt today to re-establish his authority in the face of increasingly fierce challenges to his position.

Brevity not being his strongest quality, the 59-year-old southerner has reportedly penned a 60-page address for delivery to his party's national council.

Despite publicly agonising about whether he wishes to continue with what he says has been a solitary and painful experience, Mr De Mita is thought likely to confirm that he will stand next spring for an unprecedented fourth two-year term as secretary of Italy's largest party.

If he does run, he could trigger one of the most bitter internal battles for many years which would be bound to damage the fragile stability of the current Italian Government headed by a De Mita Christian Democrat protege, 44-year-old Mr Giovanni Goria.

The party barons who insist that Mr De Mita stand down include the former Christian Democrat president and secretary, Mr Flaminio Piccoli, the former Minister of Justice, Mr Virginio Rognoni and the party's high priest, Mr Giulio Andreotti, currently Foreign Minister.

These and others gathered last weekend at a meeting of the traditionally anti-De Mita left-wing faction, Forza Nuova, to orchestrate their opposition to the party secretary.

The occasion was Mr Andreotti's most explicit attack on the De Mita leadership which he claimed had left the party isolated and lacking in strategy.

Some of the fiercest criticism has focused on Mr De Mita's tepid support for Mr Goria who was supposed to represent the consummation of the Christian Democrats' desire to recapture the premiership after six years in secondary roles.

Mr De Mita's candidacy for the top job was effectively blocked by

Ciriaco De Mita

Mr Bettino Craxi, the Socialist leader, whose successful showing in the June elections – when his party's vote rose almost three percentage points – is also held against the Christian Democrat leader.

His party managed to boost its votes by only 1.4 points from an historic low in the 1983 election. His critics claim that he progressively ruptured relations with the Socialists and other traditional allies in a failed attempt to label Mr Craxi "unreliable" and to persuade the electorate to vote Communist if it could not vote Christian Democrat.

Mr De Mita affects to be personally wounded by this barrage. Unburdening himself in an interview with the weekly magazine Panorama, he said that he had been "sickened" by events in the party when the Goria Government was being formed.

Without a trace of irony he said he had discovered that "almost everyone thought of politics in terms of power."

Mr De Mita is for the moment quietly confident of winning a majority at his party's Congress next spring.

He told Panorama: "I don't know if I shall resign. But I do know one thing: all of this deviousness in the party has restored my taste for the battle."

Pravda urges cool headed Stalin debate

THE SOVIET Communist Party newspaper Pravda yesterday called for a cool-headed approach to debate over the rule of Josef Stalin. Reuter reports from Moscow.

Continuing a discussion of the sensitive subject of Soviet history begun under the "glasnost" (openness) campaign of Mr Mikhail Gorbachev, the Soviet leader, Pravda published readers' views on how far debate over Stalin's repressions should go.

"One thing is clear: this question demands an unemotional approach." Pravda said.

"And another thing is clear: we are all thinking about our motherland, and wish it only good, we are all on one side of the barricade and acting in the interest of Socialism."

Some readers appeared to differ with the latter remark. "This campaign is insulting not only for the older generation, it inflicts irreparable damage on the upbringing of young people," Mr S. Fainerman, a Communist Party member since 1943 and Second World War veteran, said in his letter to Pravda.

Mr Fainerman said he fully sympathised with people who "take the current campaign of defaming the past under the banner of rejecting the cult of personality with pain in their hearts".

The phrase "cult of personality" is used to refer to Stalin's concentration of power in his own hands during his 1924-1953 rule. Millions of people died during his crash industrialisation and farm collectivisation drives.

"I think it is necessary, over and over again, to speak out against the cult of personality, to disclose the enormous harm it caused," Mr P. Karavayev of Novosibirsk wrote to Pravda.

He said the effects of Stalin's rules were still felt in servility towards Soviet officials at all levels, and called for an end to retouching the image of the party leadership.

"Our children, grandchilden and great grandchildren must know what price was paid for the cult of personality," another war veteran, Mr V. Yelsinovsky, wrote from Leningrad.

"The more we know the truth about our past, the more reliable and correct will be our judgment about the present and our ideas about the future," he said.

But another reader complained that some people were using the Kremlin renewal drive to tarnish the country's image without regard for its interests.

Pravda's call for a cool look at the past follows expressions of alarm over the increasingly frank discussion of dark periods in Soviet history.

Mr Yegor Ligachev, the Party ideologist or effective Kremlin number two, last month delivered a major speech in which he condemned reform-minded intellectuals for suggesting the party had not discussed Stalin's purges thoroughly enough.

Paris holds former French agent

FRENCH authorities have arrested a former secret agent who accused the government of dismantling a covert-action squad after the Rainbow Warrior scandal, Reuter reports from Paris.

The agent, who described the squad as being "in disarray", was arrested for revealing secrets about a French sabotage mission against the flagship of the Greenpeace environmental movement in New Zealand's Auckland harbour two years ago.

Mr Andre Giraud, the French Foreign Minister, said on French radio yesterday that the former member of France's external intelligence group, the DGSE, was detained on Sunday.

"An officer, who is no longer working for the DGSE, has confessed and was arrested," Mr Giraud said. "He now faces the consequences of his action."

The agent, whose name has not been revealed, told French television on Thursday that he was part of a team of divers which sank the Rainbow Warrior in Auckland harbour in July 1985. A Greenpeace photographer died in the attack.

He said the DGSE's action squad, which carried out the mission, was in tatters.

"They really have wanted to eliminate us," he said during the television interview, his face in darkness and his voice altered electronically.

Mr Jacques Chirac, the French Prime Minister, was said by government sources to have been shocked by the allegations. He ordered Mr Giraud to carry out an inquiry to unmask the agent.

Mr Giraud rejected the agent's claims that the covert action service was in disarray.

EC lists chemicals to help tighten safety controls

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission yesterday unveiled an inventory of more than 100,000 chemicals freely marketed in the European Community to help strengthen controls on the sale of hazardous substances.

The list known as Einecs (European Inventory of Existing Commercial Chemical Substances) coincides with legal proceedings by the Brussels authorities against Britain for allegedly failing to enforce EC rules on the transport of dangerous waste.

These follow the discovery of six drums of cyanate and 40 drums of paint waste in the wreck of the Herald of Free Enterprise, the British ferry which capsized just outside Zeebrugge in March.

According to a 1984 EC directive, the Belgian authorities should have informed their British counterparts that this potentially dangerous cargo was on its way and the UK should have set up a system for exchanging such information. This, maintains the Commission, was not the case.

Belgium has since fallen into line with the directive, unlike the UK, despite the expiry two months ago of a deadline for Britain's compliance. However, the Commission is prepared to allow more time in view of the difficulties of passing legislation during the summer holidays.

The chemicals inventory aims to tackle a different problem controlling the introduction of dangerous new chemicals. More than 250 new chemicals have been notified to the Commission for sale since 1981. Any substance listed in Einecs, which took four years to compile, can be sold throughout the EC without having to conform to Community safety checks or prior notification procedures. However, the document is not expected to take legal force for two years.

New products [illegible] the inventory have to be notified to national authorities, which then inform the Commission. Brussels then sends details to other member states, which have 45 days to lodge objections.

Community split on radioactive levels

BY QUENTIN PEEL IN BRUSSELS

THE AFTERMATH of the nuclear power station disaster at Chernobyl continues to haunt the member states of the European Community, which are still locked in an interminable wrangle over what constitutes a safe level of radioactive contamination in foodstuffs.

The issue of which controls to impose in the event of a nuclear accident went all the way to the EC Foreign Ministers' council meeting yesterday, without any sign of an early solution.

The ministers, their officials and the European Commission, cannot agree on the safe levels for the lingering radioactive caesium in dairy products and other foodstuffs, nor on whether limits should be set permanently, or only in the event of another accident.

If they fail to agree by the end of October, the strict limits imposed after Chernobyl will automatically lapse, and member states such as West Germany, with strong environmental lobbies, may insist on imposing their own national standards, causing havoc to the cross-border food trade in the Community.

Britain, France and Spain all take a strong line in favour of caesium levels proposed by their scientific advisers in the so-called Article 31 Committee of the European Atomic Energy Community (Euratom): 4,000 becquerels per kilo for dairy products, and 5,000 bq/kg for other foodstuffs.

West Germany wants to maintain the present regime—only 370 bq/kg for dairy, and 600 bq/kg for other products—arguing that public opinion demands erring on the side of caution.

The European Commission has sought to split the difference by proposing figures of 1,000 bq/kg and 1,250 bq/kg respectively, admitting that the decision must be partly political.

Yesterday Mrs Lynda Chalker, the British Minister of State at the Foreign Office, argued strenuously that the member states must accept their scientists' advice, or be in danger of a political "barney" with figures plucked out of the air.

After yesterday's debate, officials were expressing serious doubts about the member states' ability to reach a decision by October 31.

Italian arms executives are released

By Alan Friedman in Milan

MR FERDINANDO BORLETTI, the chairman of the Bresola arms company who was arrested ten days ago in connection with Italy's arms scandal, was yesterday given "provivisional liberty" after intensive questioning by magistrates in the Ligurian port of La Spezia.

His son, Giovanni, was also released.

Mr Borletti, chairman of Valsella Meccanotecnica of Brescia, is accused by prosecutors by clandenstine shipments of mines to Iran by way of third countries.

Valsella is 50 per cent owned by the Fiat group.

Mr Alberto dell'Ora, the top Italian lawyer hired to defend the Borlettis, said yesterday that the provisional release of his clients "evidently means that the magistrate is not worried about the Borlettis attempting to escape or damaging evidence."

Mr dell'Ora repeated his clients' denial that they know anything about clandenstine shipments of mines to Iran.

FINANCIAL TIMES

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EUROPEAN NEWS

US forces cut 'no threat to Spanish security'

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

A "SUBSTANTIAL" reduction in US forces in Spain will be made militarily possible by forthcoming arrangements for Spain to make an equally "substantial" contribution to Nato while staying formally outside the alliance's military structure, the Spanish Defence Minister has told international defence analysts.

Addressing the International Institute for Strategic Studies meeting in Barcelona, Mr Narcis Serra claimed that Spanish demands that the US reduce its presence—chiefly by pulling its 72 F-16 fighters out of the Torrejon air base near Madrid—"would not weaken common security."

The mission of these aircraft, Spanish officials say, is to reinforce other southern flank countries in time of war. But Mr Serra claimed reinforcement of the southern flank through Spain would be all the easier with Spain soon to be linked into Nato defence by common planning and training.

The Socialist Government in Madrid is following up its 1986 referendum, affirming Spanish political membership of Nato, with a two-track strategy.

On the one hand, it is negotiating military links with Nato that would be looser than those of other members, but tighter than those of France which does not sit on any alliance military committees. On the other hand, it is seeking a reduced US presence in Spain

So far Washington has resisted any cuts in its forces in Spain, partly on the ground that this would set a bad precedent for similar negotiations with Greece.

In his double IISS speech, Mr Serra set out a military rationale for what had hitherto seemed a purely political trade-off for the Gonzales government in distancing Spain from the US while getting closer to NATO as a whole.

At the same weekend conference a top Italian diplomat urged European countries to show greater determination in defending their interests in areas outside Nato such as the Gulf. They should share intelligence more and train their rapid deployment forces "in specially designed exercises."

This more forceful Italian mood explains the Rome government's decision to join Britain, France and the Netherlands in despatching minesweepers to the Gulf, a decision that would have seemed most improbable before Italy started to take Mediterranean security more seriously two years ago.

However, a senior German representative stressed the need for Nato to concentrate on repairing defences within the alliance's geographical scope, and in particular for other northern Nato countries to join Bonn in giving regular military aid to southern flank countries.

Yugoslavia may act against more enterprises

By Judy Dempsey in Vienna

AGROKOMERC, the Yugoslav agro-industrial complex which issued uncovered promissory notes worth $800m, is only one of many Yugoslav enterprises which have been involved in such illegal activities, according to the Yugoslav social accountancy service which monitors and investigates irregular activities.

If these investigations continue to be carried out, they could lead to more political resignations. At the weekend, the country's Vice President, Mr Hamdija Pozderac, who was due to take over the presidency next May, unexpectedly resigned after the press linked his name to Agrokomerc, which is based in the republic of Bosnia and has given rise to the country's biggest post-war financial scandal.

In 1985, inspectors from the social accountancy service brought charges against 756 enterprises who had been involved in issuing uncovered promissory notes and other irregular financial activities to the value of dinars 6.5bn.

The number of cases had tripled by 1986 and the costs had risen to dinars 31bn. Mr Branko Mikulic, the Prime Minister, who is also from Bosnia, said recently that over the past six month the value of bills and cheques which had been issued without cover had increased by dinars 2,630m.

These findings reveal that Agrokomerc, whose director, Mr Fikret Abdic, a friend of Mr Pozderac, was arrested last week with eight others, is the tip of the iceberg in a long and uncontrolled series of illegal activities by many enterprises. The Yugoslav media is now asking why it has taken so long for these financial irregularities to be checked.

Mr Mikulic conceded that the "legal system is not working." More to the point, he said that previous "abuses of law and embezzlement, had been pardoned or passed over in silence."

The management of Agrokomerc, he added, "skillfully incorporated their followers into important positions — in the bank, in the social accountancy service."

Diana Smith on accusations of nationalism in Portuguese banking rules

Foreign banks 'suffer Lisbon bias'

THE SIX foreign wholesale banks established in Portugal after 1984 are again complaining of discriminatory treatment by the authorities.

Since Barclays, Banquje ationale de Paris, Chase Manhattan, Citicorp, General Bank of Belgium and Manufacturers Hanover Trust set up Portuguese branches in the wake of banking liberalisation in 1984, they have brushed sporadically with the Ministry of Finance or the Bank of Portugal over what the banks see as odds weighted in favour of nationalised commercial banks.

These banks have had financial difficulties and been bailed out by successive governments.

EC membership requires the banking system to be opened fully to banks from other countries in the community by 1993. The advent after 1984 of competition from new foreign and private Portuguese banks has forced nationalised banks to shape up. However, the government seems to fear that to let market forces play at this stage would "destroy" public sector banks.

So outsiders accuse them of discrimination.

First, when new foreign banks negotiated their licences before 1984 they were led to believe they could expect leverage of 10 to 12 times capital—a satisfactory level in their view.

In the event, they were denied leverage, and had to comply with credit ceilings that in 1985, their first year, allowed them to lend only 1 to 1.5 times capital, a level they considered risible.

Their protests led the Bank of Portugal, then under a different governor, to offer a 30-month facility whereby they could do foreign currency swaps up to one times capital, which would be computed in credit ceilings and give them a lending ratio of 3 to 3.5 times capital—enough to make them reasonably profitable.

They were then told that credit ceilings were temporary and that within two years they could expect a freer market and normal leverage.

Meanwhile in July 1986 the Cavaco Silva government abruptly ordered new banks to increase their minimum capital requirement by 66 per cent, from Es 1.5bn ($10m)

The excuse was "erosion by inflation of capital and need for new institutions to be solid. In practice, the government made its move hastily because nationalised banks, especially the powerful Banco Portugues do Atlantico, which has a strong influence on the Finance Minister Mr Miguel Cadilhe, were up in arms because Manufacturers Hanover Trust in its first year declared a profit larger than that of any nationalised bank except the Banco Espirito Santo.

The foreigners were distressed by this sudden switch in ground rules under nationalistic pressure that made them feel in the wrong because they, with small, streamlined operations, made money and the overmanned, under-capitalised nationalised banks did not.

> They were made to feel in the wrong because they, with streamlined operations, made money and the nationalised banks did not

The assertion that foreign wholesale banks make "too much money" is proffered by everyone from the Prime Minister Mr Anibal Cavaco Silva down—giving the impression that the authorities see foreign newcomers as a threat rather than a complement to existing banks.

Now, new foreign banks have been told peremptorily by the Bank of Portugal that as of next year their swap facility will end. Their protest that this will make their lending ratios plummet to one times capital or less was met with apparent indifference by Bank of Portugal officials, who told them they would be "favoured" if swaps were renewed and that they must follow the rules of the game and "adapt themselves to the funding structure of the new system."

Foreign new banks contend they would not mind adapting themselves if the system were not nowadays even more weighted in favour of nationalised banks.

Credit ceilings have been renewed, now slanted more towards banks that hold time deposits and emigrants' savings — what the authorities call "good savings;" new remunerated time deposits available to banks at the Bank of Portugal are for commercial banks only, being calculated on the basis of deposits; and the capital factor that in 1985 began to be given stronger weighting in credit ceiling calculation has been diminished.

When this apparent inequality of treatment is raised with the authorities, they reply: "The foreigners have made too much money here. They could not make this kind of money anywhere else in Europe. And all they want is cheap sight deposits."

New foreign banks perceive that in the present confident, nationalistic mood in Portugal, where huge syndicated loans they used to advance to the Republic of Portugal are no longer needed, and where a free banking market is still a thing of the future, they stand little chance of making their case stick.

Zloty's value down 16% since February

By Christopher Bobinski in Warsaw

A NEW policy of small-scale zloty devaluations has seen Poland's currency fall in value by 16.4 per cent since the last major change in February. At the beginning of that month the US dollar was set at Zl 240, marking an increase of 17.4 per cent.

Last April the national bank (NPB) was empowered to conduct devaluations of up to 3 per cent without consulting other government officials and by yesterday the bank had brought the dollar up to Zl 287.

Since the beginning of the year, while retail prices have risen by around 20 per cent, the zloty has fallen against the dollar by 31.5 per cent. The official policy aim is to have 80 per cent of the country's exports bringing in a profit and Mr Andrzej Wojcik, the Foreign Trade Minister, has said this should be achieved by December.

According to Mr Wojcik "over 70 per cent of hard currency sales were bringing in a profit in June and July" when the average value of the dollar was Zl 260.

Romania strengthens economic ministries

BY OUR VIENNA CORRESPONDENT

THE ROMANIAN authorities announced at the weekend the appointment of two deputy Prime Ministers and the dismissal of three deputy Prime Ministers, in a move described by the Romanian news agency, Agerpress, as "strengthening the management of economic sectors and ministries."

The recent personnel changes follow a series of reshuffles in the Romanian Government over the past fortnight.

One of the new deputy Prime Ministers is Mr Stefan Andrei who, for the moment, retains his post as central committee secretary responsible for social and economic affairs.

As Foreign Minister until his promotion to the secretariat in November 1985, Mr Andrei was known to western banking and financial institutions as a competent negotiator and official.

Mr Andrei will be joined in the government by Mr Ron Nicolae, who last month was recalled from the Romanian embassy in Moscow to run the newly-formed chemical and petrochemical ministry.

During the 1970s, the petrochemical industry rapidly expanded under the supervision of the President's wife, Mrs Elena Ceausescu, but was reported to be making heavy losses due largely to poor management.

Meanwhile, Mr Ion Illiescu, a former member of the party organisation in the city of Iasi, who is often regarded as a reformer, has been allowed for the first time since 1983 to publish an article in the weekly Romania Litterara.

Although the article is heavily polemical, Mr Illiescu, who studied in Mscow during the 1950s, calls for a greater role to be played by intellectuals and urges democraticisation and restructuring.

The reshuffles and this recent article, although unrelated, follow two sharp attacks published in August by the Soviet weekly, New Times, and the Soviet youth paper, Komsommolskaya Pravda, whose reporters criticised the poor standards of living, the food shortages and queues in Romania.

Hungary to introduce austerity measures

BY LESLIE COLITT IN EAST BERLIN

THE HUNGARIAN Government will present a package of stringent austerity measures and tax reforms to parliament tomorrow in what Mr Peter Medgyessy, said was a "last-minute" attempt to halt an accelerating slide of the economy.

Mr Karoly Grosz, who was appointed Prime Minister two months ago, is expected to call for unpopular cuts in personal consumption and a reduction of nearly 25 per cent next year in the budget deficit of forints 43.8bn in 1987.

Government officials said the new Prime Minister would also stipulate that Hungary's spiralling Western debt should be frozen at $12.5bn net by 1990. The net hard currency debt stood at $7.8bn at the end of last year and rose to more than $9bn in July. A senior official in the National Planning Office, Mr Akos Balassa, warned last week that the evaluation of the Hungarian economy by international bankers had "worsened markedly" and it had become increasingly difficult for Hungary to obtain fresh loans.

Mr Grosz will also call for the adoption of Eastern Europe's first personal income tax on wage earners next January, a value added tax and a reform of company taxes. The latter is to end the high taxation of profitable companies in order to subsidise inefficient companies.

The controversial personal income tax is expected to contribute to a rise in the consumer price index of up to 14 per cent next year compared with a growth in wages of about 4 per cent. The government plans to compensate citizens over 70 and large families for the losses in income.

The personal income tax and VAT revenues are to make up for the fall in corporate income taxes which until now ranged up to 90 per cent on the most profitable companies. The company tax reform is designed to stimulate efficient enterprises to do better while pressing loss-making ones into improving output and earnings or, as a last resort, go bankrupt. It is closely linked with a wage reform which, however, is not to take effect for several years and is to provide wage incentives to efficient workers.

Price reforms are also to be introduced, raising the costs of industrial producers to world levels and eliminating many consumer price subsidies. Parliament has proposed several amendments to the government's austerity programme, some of which may be adopted. But despite the resistance of a number of MPs, the head of the Government Secretariat, Mr Miklos Raft, said the Government was not prepared for the eventuality that parliament might vote it down this week.

"This would be an absurdity," he said in an interview with Radio Budapest. MPs, he noted, were not opponents of the government but pro-government deputies.

Canberra budget deficit forecast at below A$1bn

BY CHRIS SHERWELL IN SYDNEY

ALL EYES will be on the size of Australia's projected budget and current account *deficits* when Mr Paul Keating, the Treasurer, announces his annual budget *in parliament tonight.*

The budget is being delivered 11 weeks into the 1987-88 financial year and will complete a process begun in May with Mr Keating's "initial measures," announced *ahead of the July* election which saw the Labor Government returned to office.

Most independent predictions expect a budget deficit forecast for the year of under A$1bn (£434m). The figure *includes* the proceeds of asset sales announced in May, although these may be less than the A$1bn estimated then because of a reported reversal in the decision to sell off eight international airline terminals.

Some analysts have been urging the Government to produce a zero-deficit budget or a surplus, but Mr Keating himself has already ruled this out, saying it is not feasible at present.

Before the election Mr Keating repeated his earlier assertions that the main expenditure cuts had already been achieved in his May statement. He explicitly ruled out any new taxes, any rise in taxes and any substantial fresh cuts.

As a result the budget is likely to produce few painful surprises. Keen interest is nevertheless focused on Mr Keating's forecasts for economic growth and the current account deficit, as well *as for any significant policy* changes.

The current account deficit *for 1986-87 finished* at A$13.4bn, down A$1bn on the previous year's record, and most *independent projections* foreshadow a 1987-88 deficit of around A$12bn.

If the economy shows a growth rate of around 3 per cent, this would represent less than 4.5 per cent *of gross* domestic product, still high but lower than last year's 5 per cent.

The main concern will be the extent to which such growth springs from the external sector—that is, whether import growth resulting from any strengthening of domestic demand halts the improvement in the current account. Practically all of the 2 per cent growth seen in 1986-87 came from exports.

The figures released in the budget will determine the *market's overall outlook for* interest rates, which have been falling over recent months, and *for the Australian dollar,* which has remained surprisingly resilient despite the interest rate trend.

On a trade weighted basis the currency finished strongly yesterday at 56.6 (May 1970=100), up 0.3 on Friday's close and 1.2 on the level of one month ago.

Sri Lankan aid hopes

BY MERVYN DE SILVA IN COLOMBO

SRI LANKA hopes to realise *$500m to $600m by December* at a special World Bank-sponsored meeting of donors who *pledged $600m* at the annual consortium meeting in June. The special assistance will support what Mr Ronnie de Mel, the Finance Minister, has called the "3-Rs" — resettlement and rehabilitation of Tamil refugees in the war-torn Northern Province, and displaced Tamil, Sinhalese and Moslem families in the east, the other theatre of the four-year civil war, and the reconstruction of all the devastated areas.

A national "task force" has already estimated the damage in the north at SR Rs 7.2bn (£146m). A 10-member "inspection team" from the World Bank, the IMF and the Asian *Development* Bank, recently visited the war-ravaged districts.

A 15-year loan, for another SR Rs 675m, with a five-year grace period, at 5 per cent, and a wide-ranging agreement on trade, joint ventures and economic co-operation are the highlights of the two-day meeting of the Indo-Sri Lankan joint economic commission.

Australia joins attack on New Caledonia referendum

Chris Sherwell reports on Bob Hawke's doubts about the French-inspired voting

AUSTRALIA yesterday joined its Pacific neighbours in outspoken criticism of Sunday's referendum in New Caledonia which confirmed continued support for French rule.

Mr Bob Hawke, the Prime Minister, said the 58 per cent turnout of the 85,000 eligible voters was "not sufficient to sustain any assertion by France that they have an authority now which will settle the issue in that troubled region."

"Unfortunately," he went on, "I can't see any real likelihood other than that which we foreshadowed — and that is of continuing instability."

Mr Hawke's remarks were echoed separately by Mr Bill Hayden, his Foreign Minister, who said the tensions which had been generated among the indigenous Melanesian Kanaks were "going to hang around for quite some time."

The choice put before the electorate, Mr Hayden said, had been "too stark"—people had had to choose between remaining a part of France or being "set adrift."

This negative and highly vocal reaction from Australia echoed criticism made on Saturday, before the poll, by Papua New Guinea, Vanuatu and the Solomon Islands, the three members of the Melanesian "spearhead group" which has promoted the diplomatic campaign for New Caledonian independence.

The reaction is bound to put further stress on relations with France, where the Government of Mr Jacques Chirac joined French loyalists in New Caledonia in claiming a major victory in the referendum. Mr Chirac has said he would visit New Caledonia soon.

The French claim of a victory was disputed by Mr Jean-Marie Tjibaou, leader of the pro-independence FLNKS movement which boycotted the poll. In an interview with Australian radio, he said most Kanaks—83 per cent—refused *to vote for France.*

"That's very significant and important for us," he said, adding that there had been pressure on voters from the French administration.

He ruled out "for the moment" the establishment of *a government in exile, and in*dicated he would be ready to discuss fresh proposals with the *Paris Government.*

In his comments Mr Hawke said that as far as the indigenous Melanesian Kanaks were concerned, they "clearly will not accept the outcome — and I'm afraid we can't see anything but further difficulties in that area."

He added that he hoped the Kanaks would not resort to violence "as they seek to pursue their concept of independence." In his view, however, the referendum result would harden attitudes on both sides. France would try to use the result as a basis for "proceeding along their pre-determined path."

S Africans shoot ANC suspects

By Anthony Robinson in Johannesburg

SOUTH AFRICAN security forces shot dead three suspected African National Congress guerrillas and captured automatic rifles and grenades after a running gun battle in the far north-western Transvaal the army announced yesterday.

The three men, believed to have crossed the border from Zimbabwe, were tracked *down and killed* over the weekend.

Meanwhile, the Government has received a mixed response from black leaders to its revised proposals for a National Security Council which for the first time provides for a *limited* elected component of nine members to represent the over 10m blacks who live in South Africa, outside the four "independent" and six non-independent homelands.

The Government's proposals also include one seat for the leaders of each of the six non-independent homelands of which the biggest is the 5m-strong Kwazulu headed by Chief Mangosuthu Buthelezi.

In a major concession aimed at wooing Chief Buthelezi, Mr Chris Heunis, the Minister of Constitutional Development, last week announced the Government's acceptance "in principle" of a single legislature for Kwazulu and Natal.

The Government's proposals, meanwhile, were rejected out of hand by the anti-apartheid United Democratic Front.

Orthodoxy traps Israel between faith and state

BY OUR JERUSALEM CORRESPONDENT

AND THERE arose a new Sabbath ritual in the holy city *of Jerusalem.*

The faithful, in the sombre garb of their ancestors, congregated on the fringes of town and cried "Sabbath, Sabbath," and they were smitten with tear gas and water cannon.

And there was much weeping and wailing in the land.

The confrontation between ultra-orthodox Jews and Israeli police over the screening of Friday-night films has become one of the few forms of enter*tainment available in Jerusalem* on the day of rest and prayer.

From time to time, anti-religious Israelis cluster behind police lines and applaud with undisguised glee as the Jewish fundamentalists are doused and scatter.

The ultra-orthodox regard the screening of films such as Body Heat, Monty Python, the Life of Brian and Children of a Lesser God as a profanation of the Sabbath and a provocation.

With growing militancy, secular residents are challenging the religious stranglehold on Sabbath entertainment, which drives thousands of young Jerusalemites to Tel Aviv each weekend and has moved some to leave the city.

"I live and work here. I have a right to be entertained here too," says Yonathan Bader, one of the secular organisers.

Every *summer* the ultra-orthodox find a new cause to protest about. Last year, they *burned bus shelters displaying* advertisements of skimpy swimsuits for women. Before that they stoned motorists driving on the Sabbath to the new West Bank *surburb of Ramot.*

Cynics attribute the annual flare-ups to the impending Jewish New Year fund-raising season in September, when Diaspora Jews and Israelis pledge donations to religious communities. But the battle to define the frontiers between *synagogue and state goes* beyond such seasonal outbursts.

Should it be a state ruled *by Jewish religious law or* a place where Jews are free to be as religious or irreligious as *they choose? To take an ex*treme case: should Israelis be free to barbecue pork in public parks *on the Day of Atonement,* the most solemn fast day of the Jewish calendar?

The *ultra-orthodox,* who make up less than 15 per cent of the population, put the law of God above Israeli legislation. Like Ayatollah Khomeini in Iran, they accept no distinction between religion and politics.

The most zealous do not even recognise the State of Israel, regarding it as a blasphemy to establish a Jewish state in the Holy Land until the coming of the biblical Messiah, and to have friendly relations with the Palestine Liberation Organisation.

The secular Zionists who founded Israel conceded to the rabbis control over marriage and divorce as well as the observance *of Jewish dietary laws in public institutions* and the closure of shops and public transport on the Sabbath. This lasts from sundown on Friday to Saturday night.

Over the years, the orthodox parties have used their pivotal position in Israeli politics to make further inroads. Although they usually win less than 10 per cent of the vote, religious parties have had a seat in every Israeli coalition government since the foundation of the state.

Many Jerusalem streets are now closed to traffic on Saturdays. Laws ban the *sale of* bread during the Passover holiday and bar the state airline El Al from flying on the Sabbath.

The religious have also lost some battles over the years. Veteran Jerusalemites recall fist fights with the rabbis in the early 1950s over the building of a public swimming pool, now open on the Sabbath.

Today it is the ultra-orthodox who are threatening violence. Nissim Zeev, a fundamentalist rabbi who resigned from the Jerusalem city council this week, warned that cinemas would be burned down if the Sabbath films continued.

Rabbi Menachem Porush, an ultra-orthodox member of the Knesset, said that if prayer and persuasion failed, "we will wage war" to uphold the sanctity of the Sabbath.

An orthodox Jew twirls a chicken above his head as he prays in an ancient custom on the eve of Yom Kippur.

Coup bid leader denies Aquino plot

By Richard Gourley in Manila

COL GREGORIO "GRINGO" Honasan, who led an unsuccessful coup in the Philippines 16 days ago, yesterday denied in a newspaper interview in Manila that his group planned to kill President Corazon Aquino.

He also claimed that the military revolt by about 1,600 *soldiers* and officers *in* which about 50 people died was not a grab for power but a protest *against Mrs Aquino's* Government.

Eighteen months after Mrs Aquino took power after a civilian-backed military revolt, led by Col Honasan among others, "we do not have any semblence, any shadow of good *government or any direction* leading to good, honest, competent, properly managed, truly reconciliatory government," he said in the interview with the opposition newspaper, The Independent.

Since the coup failed on August 28, Col Honasan and an unknown number of fellow mutineers have been in hiding but their call for reforms has been noisily taken up by many officers and men who did not break with the Government.

After increasingly public divisions, the entire Cabinet offered to resign last week to allow Mrs Aquino a free hand to rebuild her Government but there are no signs of an early decision on whis resignations she will accept.

On Saturday, Gen Eduardo Ermita, deputy chief of staff, *was unable to give a convincing* account of measures being taken to track down and capture Col Honasan.

AMERICAN NEWS

Judge Bork's hearing starts today

BY LIONEL BARBER IN WASHINGTON

THE intense political battle over President Ronald Reagan's nominee for the US Supreme Court, Judge Robert Bork, opens today when the conservative scholar appears at confirmation hearings of the Senate Judiciary committee.

The nomination has set off a noisy confrontation between Left and Right, who argue that he would tilt the court decisively in favour of conservatives.

Over the past fortnight, opponents of the judge have narrowed the odds on confirmation, which requires a majority in the Senate. Last week, the American Bar Association committee reviewing his nomination was divided 10-four in his favour, reflecting an unusual amount of dissent but also a high degree of political pressure on the committee members.

Hundreds of liberal groups have gathered to block the 60-year-old judge, now at the US Circuit Court of Appeal in the District of Columbia. They have turned the nomination battle into a debate on the post-war record of the court, which has acted as an important liberalising force in matters of race, religion, personal privacy and the status of women. All these legislative gains are threatened by Judge Bork, they claim.

Much will depend on how he performs this week before the television cameras which are covering the Judiciary Committee hearings. A bearded, pear-shaped man with a strong streak of charm, Judge Bork is seen, even by his opponents, as having a formidable intellect. During the past few weeks he has been coached by his White House backers to prepare for the hearing.

The 14-member committee is finely balanced. By some estimates there are five Republicans in favour and five Democrats firmly against. Of the four senators, two are considered crucial: Senator Arlen Specter of Pennsylvania, an unpredictable Republic who often goes against the White House, and Senator Dennis DeConcini of Arizona, a conservative Democrat who would normally back the administration but faces a tough re-election battle next year.

The bearings could also prove a test of presidential mettle for two candidates in the 1988 race. Senator Joseph Biden of Delaware, committee chairman, has failed so far to make an impact in his campaign for the Democratic nomination but he is assured of national Press and TV coverage during the three-week hearings. Senator Robert Dole of Kansas —soon to enter formally the Republican race—is using his support for Bork to attract badly-needed conservative votes.

Ford close to stoppage at plants across US

UNION leaders said they were far from agreement with the Ford Motor Company, hours before a deadline for a strike at the company's plants across the US, Reuter reports from New York.

Job protection for 104,000 Ford workers is the key issue and both sides said they were prepared to bargain through the night before the strike deadline.

Mr Owen Bieber, the United Auto Workers president, said: "Our differences are very serious."

"If they weren't big issues, they would have been solved," Mr Peter Pestillo, Ford vice-president, said at a news briefing on Sunday night. "I think agreement can still be reached but the time is tight." Union sources also said a settlement was still possible.

The union has asked Ford, the second-biggest carmaker in the US, to guarantee jobs. Mr Bieber said this would only be a burden if Ford were planning to move production from US plants to outside suppliers.

Sources said the union might be willing to compromise and permit reductions in the workforce, if Ford's vehicle sales were to drop.

Union leaders at 54 UAW branches around the country were preparing picket signs on Sunday night, in case talks broke down. A strike would be the first company-wide walkout at Ford since 1976, when the strike lasted 28 days.

The UAW deferred talks at the larger auto maker General Motors, to focus on the more profitable Ford, which has a cash reserve of more than $9bn.

Lucy Conger reports from Mexico City: Ford Motor may lay off 3,200 workers who are in their 57th day of a strike at a suburban Mexico City assembly plant.

The union, at the Cuautitlan plant, is demanding a 23 per cent wage increase, in view of the annual inflation rate of 133 per cent. Talks have stalled over Ford's offer to raise salaries by 6 per cent and increase benefits 10 per cent.

US develops non-burning cigarette

By Gordon Cramb in New York

THE US tobacco industry yesterday widened its efforts to fend off the anti-smoking lobby with an announcement by RJR Nabisco, one of the country's top few producers, that it was developing a cigarette that uses tobacco without burning it.

The cigarette, lit in the normal way, has a carbon heat source in the tip which draws warm air through the tobacco to produce smoke which, when exhaled, dissipates more quickly than conventional brands. It does not burn down, produces no ash, and so-called sidestream smoke off the tip of the cigarette is minimal, the company said.

Mr Edward Harrigan, who heads its R. J. Reynolds Tobacco offshoot, added: "Since the tobacco does not burn, a majority of the compounds produced by burning tobacco are eliminated or greatly reduced.

Reynolds, while insisting that the product should "be well received by those people who object to tobacco smoke, "will remain subject to the same restrictions in marketing which apply to its Camel, Winston and other brands.

Japanese creditors urge Brazil to prevent loan downgrading

BY ANN CHARTERS IN SAO PAULO

BRAZIL is under pressure from Japanese creditor banks to make an interest payment or show some progress in debt negotiations before September 30, the end of the first half of the Japanese fiscal year. If the current impasse continues, the banks may be required to downgrade their Brazilian exposure from a non-accrual basis to a cash basis, with negative impact on the banks' balance-sheets.

Brazilian Finance Ministry officials, Mr Fernao Bracher, and Mr Yoshiaki Nakano, with Mr Antonio de Padua Seixas, director of foreign debt for the Central Bank, met bankers in Tokyo yesterday as part of their global meetings with major private creditors before Brazil defines its final proposals for debt negotiations to begin on September 25 in New York.

There is concern among bankers that there is too little time for debt negotiation to show progress before the Japanese banks must close their books for the half-year. The Japanese banks have a total of $8.8bn, excluding short-term debt, outstanding in exposure to Brazil, and did not react favourably to the recent radical (albeit short-lived) Brazilian proposals to convert half the country's debt at a discount into long-term bonds.

Brazil's behaviour over the next few weeks will have profound implications for Japanese planning. The Japanese government has indicated a willingness to invest $30bn in developing countries through such international institutions as the International Monetary Fund and the World Bank, but has given no commitment to Brazil that new money would be forthcoming. If Japanese banks have downgrade loans on their books, the likelihood of new money will be more remote, according to banking sources.

Canadian auto workers poised to strike

BY DAVID OWEN IN TORONTO

ABOUT 10,000 members of the Canadian Auto Workers union at four Chrysler Canada plants were poised to strike yesterday, facing a midnight deadline for a deal to be reached in new contract negotiations.

"There's no way to avert a strike," said Mr Bob White, CAW president, pointing to the number of issues still on the bargaining table. "It's just a question of the length of the strike," he added.

His remarks came despite a revised 11th-hour offer from Chrysler Canada, to be tabled in Toronto at 2 pm.

The union recently picked Chrysler Canada as its main target for contract bargaining, in contrast to the United Auto Workers' decision in the US to single out Ford in similar contract talks.

The CAW has made inflation-indexed pensions its main priority in the talks. It rejected last week the company's initial contract offer, which contained no provisions to tie pension payments to inflation.

Argentine cabinet changes near

BY OUR BUENOS AIRES CORRESPONDENT

PRESIDENT Raul Alfonsin of Argentina is expected to announce today his new Cabinet and economic policy guidelines for the coming months. All his ministers offered their resignations after the Government's defeat at the polls last week, creating much speculation and uncertainty.

Leaks from the President's office and the headquarters of his ruling Radical Party suggest that Mr Juan Sourouille, Economy Minister, Mr Dante Caputo, Foreign Minister, and Mr Horacio Jaunarena, Defence Minister, will remain in their posts, while Mr Carlos Alderete, Labour Minister, and Mr Julio Rajneri, Education Minister, are the most likely to be displaced.

The indications are that attempts to establish a coalition government with the opposition Peronists have been abandoned and that only ministers with close ties to the Radicals will be in the cabinet. The inclusion of Mr Alderete — a Peronist trade union leader, in the Cabinet since April — has proved highly conflictive and failed to divide the Peronist vote in favour of the Radicals.

A substantial Radical presence in the Cabinet implies a continuity of the economic polic ypursued by Mr Sourouille, with the likelihood of deeper fiscal and monetary adjustments. Tariffs for public services are expected to rise sharply this week, government privatisation programmes may well be accelerated and the anti-inflation programme will be hardened, with a possible lifting of price controls but a continuation of wage controls.

Such a combination of policies would enable Mr Sourouille to take a much harder line on the foreign debt, at the annual meeting of the International Monetary Fund in Washington at the end of the month, especially over interest rates.

WORLD TRADE NEWS

Delay in build-up of German trade

Substantial results of the Honecker visit to the West are unlikely before the 1990s, writes David Marsh

THE TRIP to West Germany by Mr Erich Honecker, the East German leader, last week is likely to give new impetus to trade between the two Germanys.

However, because of structural problems in the East German economy and East Berlin's need to give priority to its trade links with the rest of the Comecon bloc, substantial consequences are unlikely before the 1990s.

This is the conclusion of Mr Helmut Giesecke, head of the foreign trade department at the West German Association of Chambers of Commerce (DIHT), which plays a key role in co-ordinating foreign trade efforts.

Mr Giesecke's analysis is backed up by other West German industrialists who warn against "euphoria" in interpreting the economic results of Mr Honecker's trip.

The gathering in Cologne last Wednesday between West and East German industrialists may pave the way for better bilateral contacts in areas where the two Germanys at present hardly co-operate. According to Mr Giesecke, West German engineers and research and development managers need to strengthen their links with opposite numbers in East German state companies.

This could lead in the medium term to much-needed co-operation in licensing and marketing, adding a new quality to East-West German trade which is at present geared above all to raw materials.

Areas where East and West German concerns could team up, above all for an assault on Comecon markets, are, according to the DIHT, machine tools, printing machinery, shipbuilding, cranes, optical technology and textile machinery. In all of these areas the East Germans are thought to have something to offer the West.

In the longer term, co-operation of the sort envisaged under a technological agreement signed last week could clash with restrictions on transfers of know-how set down by the Paris-based CoCom organisation.

Individual West German companies are already running into some problems, for instance, over types of computers or lasers, in their dealings with the East. East German officials used the opportunity last week to plead for freer access to the West's latest technology.

About one third of East-West German trade is based on sales of chemicals and oil products, the value of which has fallen sharply in the last two years as a result of the drop in the international oil price.

The total volume of East-West German trade, carried out on a clearing basis in which East Germany is allowed preferential overdraft terms (the so-called "swing" credit system), fell 9 per cent last year to DM 15.2bn. West Germany for the past two years has run a small bilateral surplus.

In the first six months of 1987, total trade volume fell 5 per cent to DM 7.1bn compared with the same period in 1986. East German deliveries to the West fell 9 per cent from last year with West German sales dropping 1 per cent.

Two examples of higher-quality East-West German industrial co-operation have so far stood out. Volkswagen is helping the East Germans to build a motor engine plant, planned to be ready for 1988, while the Salamander shoe company has provided technology for the East German shoe-making industry.

However, at a reception in Essen with Mr Honecker last week, Mr Carl Hahn, chairman of VW, dampened down speculation that the company could eventually build cars in East Germany. According to Mr Giesecke, East Germany is continuing to rule out joint ventures of the sort now being set up between the Soviet Union and western companies.

One significant step in the making is a reciprocal electricity supply accord being negotiated between the East German authorities and PreussenElektra, the West German utility owned by the Veba energy conglomerate.

Veba, which is West Germany's largest partener in trade with East Germany, hopes a contract can be drawn up within six to eight weeks. The accord will allow East Germany to ease its winter electricity supply problems by drawing on PreussenElektra's largely nuclear-generated supplies.

TRADE BETWEEN THE TWO GERMANYS

Sales	1984	1985	1986	1987 (6 months)
		Value of sales (DMbn)		
West to East	7.3	8.6	7.8	3.7
East to West	8.2	8.2	7.3	3.4

Source: Bonn Economics Ministry

Ban on Toshiba opposed

A GROUP of the largest and most politically influential companies in the US has begun lobbying against Congressional efforts to ban imports of Toshiba products, Reuter reports from New York.

Companies believed to be involved include AT&T, General Electric, Hewlett-Packard, Honeywell, IBM, Motorola, Rockwell, United Technologies and Xerox.

The proposed ban against Toshiba is designed to punish the Japanese electronics giant for the sale of restricted propeller-milling equipment to the Soviet Union by a subsidiary, the Toshiba Machine Company.

Trade group tries to halt EC compact disc inquiry

By William Dawkins in Brussels

LEADING representatives of the EC retail trade yesterday called on the European Commission to drop an inquiry into alleged dumping of Japanese and South Korean compact disc players.

The Brussels-based Foreign Trade Association (FTA) claims that the inquiry, the response to a complaint by Philips of the Netherlands, was "an unfair attempt to eliminate unpleasant competition from south-east Asia and to establish a Philips monopoly within the European Community."

Its views are likely to provoke a rift between the retailers and manufacturers in this fast-moving market.

The FTA represents the trade policy interests of 12 national and EC retail organisations. Its complaint concerns an investigation opened by the Brussels authorities two months ago. Initial Commission estimates suggest that Japanese and Korean compact disc players' share of the EC market has risen from roughly a half in 1984 to two-thirds today.

Commission experts are now gathering more details from the industry in the EC

Australia seeks bids to launch second round of satellites

BY CHRIS SHERWELL IN SYDNEY

AUSSAT, Australia's communications satellite authority, yesterday invited bids for the manufacture and launch of two second generation satellites due to enter service in 1991 and 1992.

Among groups likely to tender for the Aus $400m-500m contract are British Aerospace, which is linked with Matra of France, and Hughes Aircraft Company of the US, part of the General Motors group, which produced the three first generation satellites.

Also expected to be in the running are General Electric of the US, which would be tied with MBB of West Germany and Aerospatiale of France, and Ford Aerospace of the US, perhaps linked with Mitsubishi Electric of Japan.

Yesterday's announcement of the tender came two days before tomorrow's launch of the third satellite of the current highly successful generation, known as Series A, which went into operation in 1985.

In a change of policy, the contract for the new Series B satellites will be for the launch into orbit and insurance costs as well as the design and manufacture of the satellites. This follows heavy insurance payments AUSSAT suffered over the launch of the earlier satellites.

The new contracts provide an excellent opportunity for participation by Australian industry because the tender documents require direct Australian sub-contract work for the satellites and other equipment.

In addition, the government's normal offsets requirements will operate, meaning that the successful bidder must provide business to Australian companies for up to 30 per cent of the value of the contract.

The new satellites are expected to have an operational life of about ten years, three years more than the current generation. In replacing the first two of the present series, they will extend the AUSSAT telecommunications and broadcasting services to cover New Zealand as well as Australia.

They will also provide capacity for expansion and, for the first time, domestic mobile satellite communications services.

The success of the first generation system is shown by its usage. Of the eight high-powered 30-watt transponders available on the first two satellites, all are in operation.

Peter Marsh on the effects of recent space failures

Telecoms operators find ways to jump the launch queue

A NEW YORK company partly owned by Pan Am, the airline, has agreed to pay C$86m (US$65m) to Telesat, Canada's national satellite authority, to take over ownership of an orbiting satellite, the first time a space vehicle has been sold in this way.

The Anik C1 vehicle, placed in geostationary orbit 36,000 km above the equator two years ago by a US space shuttle, has never been used. Telesat put it into space because storing the craft in orbit was cheaper than keeping it on the ground.

Pan Am Pacific Satellite, owned jointly by Pan Am and Johnson Geneva, a US satellite company, plans to use the satellite in a telecommunications system to serve the Pacific region.

The transaction illustrates the ingenuity with which satellite concerns are trying to overcome the technical problems of the past two years. An almost complete stoppage of commercial space launches has led to a queue of 15 to 20 satellites waiting for the chance to enter orbit.

Space industry analysts are hoping that a launch planned for today of an Ariane, a rocket operated by Arianespace, a commercial consortium based near Paris, will break the dismal run. The launch, due to take place from a European Space Agency rocket station in Kourou, French Guiana, is to be the first of an Ariane since May last year and only the second lifting into orbit of a commercial spacecraft since the Challenger space shuttle disaster of 20 months ago.

The Ariane is due to carry two telecommunciations satellites, one owned by the ESA which will later be leased to Eutelsat, a group of European telecommunications authorities, and the other by the Australian Government

The launcher problems, which have severely curtailed the number of commercial flights planned for the next two years, would have made it difficult for Pan Am Pacific to get a satellite into orbit in the ordinary way.

The sum the company is to pay for Anik C1, which is to be handed over in stages over the next six years, reflects, however, the fact that Telesat had little need of the vehicle and was pleased to dispose of it relatively cheaply. The fee of $65m is significantly less than the cost today of putting a satellite into orbit, taking into account a launcher price of about $45m and a spacecraft cost of some $50m.

Pan Am Pacific's strategem has also relieved it of the need to take out launcher insurance, the cost of which has increased substantially due to the launcher mishaps.

The owners of the two telecommunications satellites to be taken into orbit today on the Ariane have both had to pay an insurance rate of some 25 per cent of the total sum at risk—which with launch and satellite costs comes to $80m to $100m—compared with rates of 5 to 15 per cent three years ago.

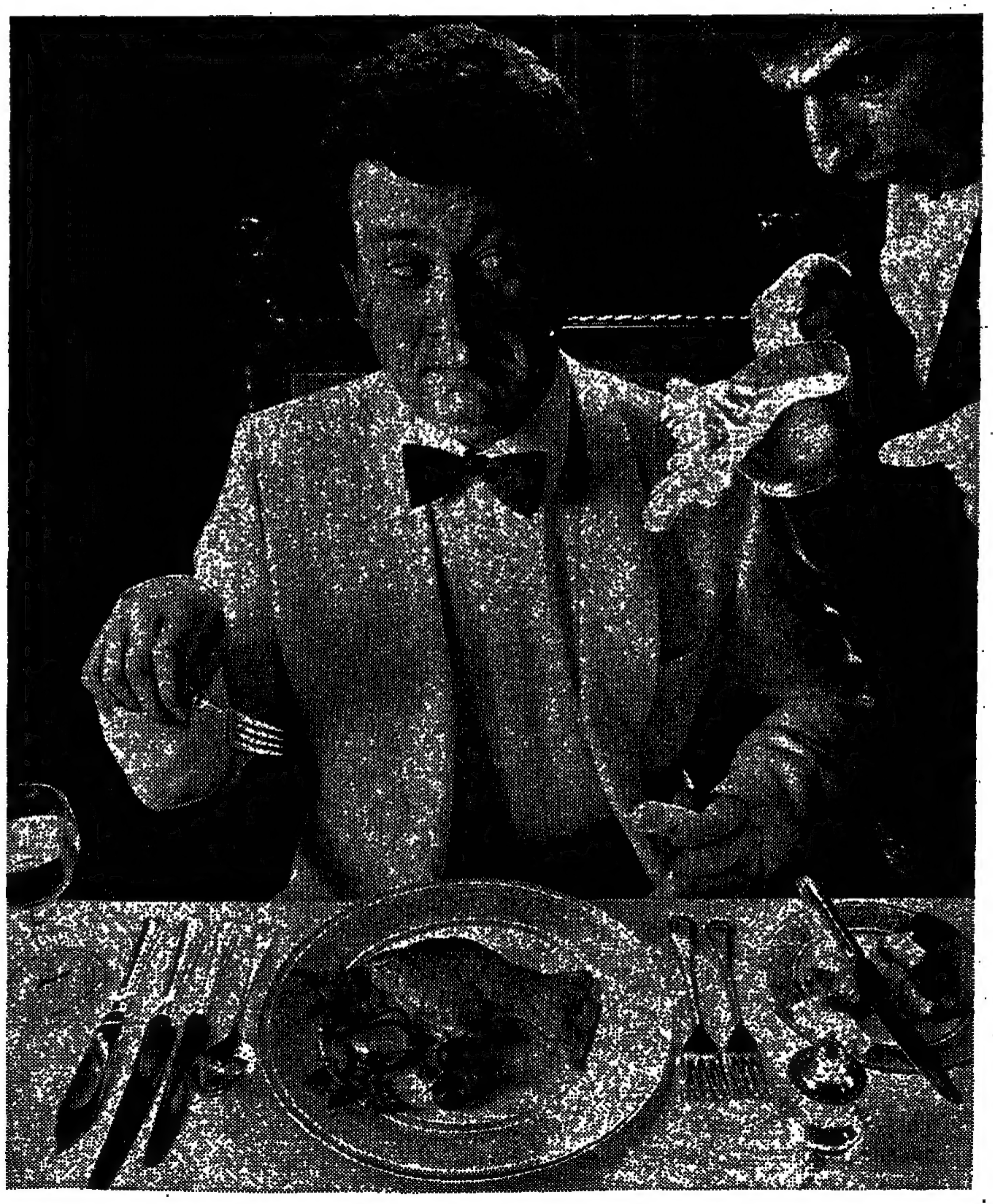
According to analysts in the London insurance industry, which with New York is one of the centres of the space-insurance business, the rates are unlikely to diminish appreciably until Ariane and other space launchers have a clear run of success.

As a result of earlier accidents, the world's space-insurance industry has had to pay out over the past few years about $1bn—twice as much as it has received in premiums—to compensate owners of satellites destroyed while entering orbit.

The importance of the Ariane launch, Page 20

AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT

THE MEAL WAS FINE. THEN THE SAUCE ARRIVED.



Nothing wrong with the sauce, you understand.

In fact, as part of a banquet to celebrate a conference of chefs at the Gothenburg Sheraton, more than the usual care and attention had gone into its preparation.

The problem was that the guest (like most guests in our experience) preferred the sauce served onto his plate. Rather than onto his lapel. (A subtle sauce can look very unsubtle adorning a white dinner jacket.)

Fortunately, the maître d' was a man who looks at such accidents and sees only opportunities.

Helping the guest remove his jacket, he offered his own as immediate, temporary replacement. At the same time whisking the sauce-stained garment off to be dry-cleaned.

And before the coffee was finished, the jacket, freshly cleaned and pressed, was returned to our guest.

At Sheraton, we have a phrase coined to sum up our idea of service. 'Little things mean a lot.'

Like all slogans it runs the risk of being dismissed as mere words.

But not with examples like that of the Gothenburg maître d' to sustain it.

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AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT

UK RESTAURANTS

Search for freedom within a chain

Richard Rolfe reports on the Kennedy Brookes group's attempt to create an individual flavour

IF YOU had a fat expense account, a disregard for your waistline and, some reviewers suggest, a high tolerance of gastronomic pain, you could dine out in London each night for seven weeks and sample the fare at a different Kennedy Brookes eating place every time.

Moreover, you could in theory do so without once realising that you were on Kennedy Brookes's premises at all. Chomping a path through the Wheeler's and Mario and Franco chains, together with a clutch of individual restaurants such as Maxim's, L'Opera, Lockets or Bertorelli's in Covent Garden, the diner-out sees nothing to indicate that all these famous restaurants are under common ownership.

This lack of group identity at restaurant level is deliberate *commercial policy. But Kennedy* Brookes maintains a high profile as a financial entity: a stock exchange quote, substantial growth (though less impressive at the earnings per share level) in recent years and regular shares issues for expansion by acquisition. Turnover, £9.5m in 1982, was £44m last year and pre-tax profits have risen from £589,000 to £5.8m over the same period. After its recent rights issue, Kennedy Brookes is capitalised at more than £150m.

Though no one could deny that Kennedy Brookes has become a corporate force to be reckoned with in the capital, its impact on standards of gastronomy has been more controversial. Fay Maschler, for example, in her *Guide to Eating Out in London*, refers to one restaurant as "tarred with the dull brush of Kennedy Brookes" and concludes, of the group as a whole, that "centralised buying and other pooled resources result in only mild benefits accruing to the customer's bill," and she adds that "Kennedy Brookes's skills do not include imaginative catering."

At Kennedy Brookes's Wardour Street head office, they confess to finding such comments "very hurtful—more from the point of view of the staff than anything else," says Charles King, managing director of Wheeler's: "It doesn't seem to do us any harm with the customers."

Maschler says that Hilaire, in the Old Brompton Road, is the group's only restaurant to achieve significant critical acclaim, an assessment which the latest *Good Food Guide* agrees with. Kennedy Brookes fares slightly better with the Egon Ronay and AA guides, while the latest Michelin rates 12 of the group's 45 restaurants as worth a mention. Although none achieves a Michelin star for quality of cuisine, several gain high praise for comfort, notably Maxim's de Paris (franchised by arrangement with Pierre Cardin) in Panton Street.

Kennedy Brookes executives do not have any strategy to meet critics' complaints directly. "Our policy is just to plug away," says Caroline Maltby, marketing director. "It's a question of consistency, good quality and sheer professionalism." King echoes the view. "Wheeler's doesn't offer excitement, novelty or outrageousness," he says. Sole, probably the chain's main speciality, and the company takes 25 per cent of the UK catch, has been cooked the same way for 25 years. "The final reviewer is the repeat customer," King notes: "The media reviewers never see that customer.

Marketing policy involves the difficult double act of promoting the group as a whole in order to maximise the throughput of diners in Kennedy Brookes outlets while simultaneously preserving the individuality of the restaurants. As an example, Kennedy Brookes last year published a "London Restaurant Guide," which supplied a short sketch of each of its outlets, with details of price, location and cuisine, without mentioning the common ownership factor.

The guide proved a successful marketing tool. It was made available to passengers on British Caledonian (where Kennedy Brooke's outlets also featured in an in-flight video) and formed the basis of a promotion to Intercity travellers and American Express cardholders. The Amex promotion, Maltby estimates, achieved a response of 4 per cent (where 1 per cent is usually considered acceptable) and helped replace business lost last summer when the US tourist business in London slumped.

Such bottom-line driven tactics do not appeal to traditional diners-out who believe, says David Wolfe, restaurant reviewer for Decanter, that a restaurant's profitability "should be the by-product of a passionate commitment to quality." This approach is inevitably associated more with the owner-chef of an individual restaurant than with the managers and chefs of a big group.

But Kennedy Brookes executives insist that their staff have the same outlook as individual proprietors. "They look on their restaurants as their own," says Michael Roberts, head of the cafe, bar and restaurants division, which includes Hilaire, Maxim's and The Cafe des Amis, and which he terms "the foodie side" of Kennedy Brookes. Franco Consavari, of Mario and Franco, agrees: "Our type of restaurateur does the job exactly as the patron would."

Consavari claims that his managers enjoy "a completely free hand." It would probably be fairer to add "within the constraints set by the group." In reality, restaurant fixtures, furnishings and equipment are as laid down by head office, while supplies must be sourced to a "nominated supplier." There is no compulsion to use the group's fish wholesaling arm, arm or its vine merchants, Les Amis du Vin. But these and other in-house service are all on the nominated list; they quote on supplies and win orders, other things being equal. "If I can use the Kennedy Brookes service, I will —otherwise I go outside," says Jurgen Schmidt, head of Distinctive Inns, the group's country hotel subsidiary which includes the Bear at Woodstock and Ghyll Manor at Rusper.

So a Kennedy Brookes's van does not trundle round all the restaurants early every morning, dropping off sanitised individually-weighed portions. Indeed, says Consavari, the menus are being freed up to a great extent. In the 12 Mario and Franco outlets, for example, they are 60 per cent standard and 40 per cent individual, the latter decided between chef and manager according to the chef's skills and to what is available.

But the chefs cannot decide what size a portion should be. Head office does that for them. For example, Consavari notes, portions are controlled throughout Mario and Franco. Steaks are 8 oz, ready-cut. This is labour-saving, since it avoids the need for butchering skills in the restaurants and eliminates waste. It also facilitates financial controls because if 50 steaks are delivered, 50 must be accounted for. Finally, it leads to "a more consistent quality of food," Consavari believes.

Under the group system, Kennedy Brookes executives claim, individual restaurants can call on central resources for decor and maintenance, or staff training programmes. They can also take advantage of group purchasing power, with the result, Consavari, claims, that Tiberio, for example, is the cheapest restaurant of its kind in Mayfair.

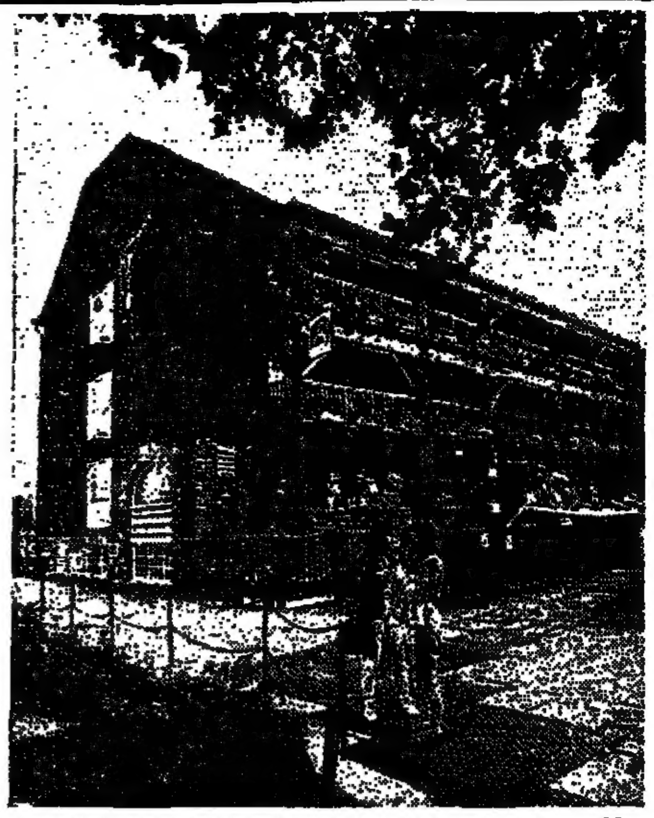
By contrast, in the average family-run trattoria, Consavari asserts, the only expertise is that of the family, and the place is only as good as the man in the kitchen. Several reviewers, led by Maschler, would disagree: her London guide recommends 15 Italian restaurants, none of which is a Mario and Franco, as well as 14 fish restaurants, none of which is *Wheeler's (though one, Frere* Jacques, is part of Kennedy Brookes's cafe, bars and restaurants division). Both Consavari and King, however, insist that most of their restaurants are as good as Maschler's selection.

Impressive as its financial and organisational achievement is, Kennedy Brookes clearly needs to achieve higher ratings for its restaurants so that people beat a path to its doors because of the quality and value for money, not because they have been on the receiving end of a sophisticated marketing drive. Excellence of cuisine is not incompatible with membership of a big group, as demonstrated by Anton Mosimann at the Dorchester, or indeed, Simon Hopkinson at Kennedy Brookes's Hilaire.

Roberts acknowledges that hiring superior chefs may be part of the answer to Kennedy Brookes's problem. "We go out and head-hunt them," he says. The group pays "market rate plus" and, Roberts notes, puts chefs on bonus schemes—a percentage of the profits over and above budgeted levels, payable quarterly. "It is not true that chefs necessarily prefer to run their own restaurants," he adds. "They are looking for a number of things, including recognition—from owners, the media and customers," while many would rather avoid the administrative chores which accompany proprietorship.

But a difficulty with chefs, according to Ackerman, is that most of them are not around long. "It's pretty exacting and not many of them can keep it going—like an actor, they need a new play or a new theatre from time to time." For that reason, Ackerman suggests, Kennedy Brookes cannot rely on an overall formula revolving *around star chefs, who are* "mercurial and egotistical." A group the size of Kennedy Brookes must instead look for consistency, both in financial returns and in restaurant quality.

Meanwhile Kennedy Brookes's rapid expansion continues. All the major divisions have ambitious plans. Wheeler's is push*ing ahead with its franchising* deals, with nine new ones awaiting launch once suitable sites are found. The eventual target is 50 outlets, double the present level. Potentially the most important new venture, says Kennedy Brookes chairman Michael Golder, is a chain of pasta and pizza restaurants, with the emphasis on pasta.



Part of the Kennedy Brookes empire: Dickens Inn, in an old tea warehouse at St Katharine's Dock, London.

THE GROUP

Kennedy Brookes owns or manages nearly 50 restaurants, most of them in London. It has four country hotels and a catering division which supplies, among others, the Albert Hall. Kennedy Brookes group members also cater for the annual Henley Festival. Wheeler's is the largest part of the group. It has 14 central London restaurants, all trading under the Wheeler's name, of which the Foster Lane branch in the City is the flagship. It also has seven out-of-town franchised outlets, in Blackheath, Harrow, Highgate, Brighton, Woodstock and Beaconsfield.

Mario and Franco consists of 12 central London restaurants, of which the best known are Tiberio, in Mayfair, Villa Augusta and City Tiberio in the City and Terrazza-Est in Chancery Lane.

The Cafe Bars and Restaurants division includes the well-upholstered Maxim's de Paris (formerly Stones Chop House), Lockets, near Parliament, and Hilaire, Kennedy Brookes' most highly-rated restaurant. Among the "*cafés*" are Café des Amis du Vin in Covent Garden and Café Italien des Amis du Vin in Charlotte Street. Dickens Inn at St Katharine's Dock is part of the group, as are the public catering facilities at the Trocadero.

Where does Cray go now Chen has packed his bags?

BY ANATOLE KALETSKY IN NEW YORK

WHEN Steve Chen announced early this month that he was leaving Cray Research, the world's leading manufacturer of supercomputers, the company lost $500m of its stock market value in three days.

Chen is known among his colleagues as a man who does not underestimate his own abilities. But even he must have been surprised at the price that Wall Street had suddenly decided to put on his head. He was leader of the design team for Cray's most ambitious and futuristic project - the MP advanced supercomputer. By the early 1990s this was to achieve processing speeds and performance factors some 100 times better than the best Cray machines available today, machines which themselves work 100 or more times faster than the most expensive IBM Sierras.

After absorbing two years of work and $22m of the company's money, the MP project was proving far more difficult and costly than originally expected. But when Chen was told to curb his spending and simplify the project by Cray's chairman, John Rollwagen, the designer refused.

Instead he asked for a commitment to spend at least $100m, or twice the original budget, on the MP project. Rollwagen, with the support of Seymour Cray himself, decided that this was just too much to stake on Chen's ambitious notions. The project was killed and Chen resigned.

The 43-year-old Chen, an immigrant from Taiwan, was generally considered to be the company's second most valuable asset - and possibly the world's second most talented computer designer - after the company's legendary 61-year-old founder, Seymour Cray.

Nevertheless, Steve Chen was not exactly a household name on Wall Street. And whereas multi-billion dollar oscillations in corporate worth are commonplace these days, it is unheard of for a mere technologist, however brilliant, to command the kind of valuation that Wall Street would normally reserve for T. Boone Pickens or Carl Icahn.

Clearly the financiers were worried not just about Chen or even the MP project, but the whole future of Cray - a company which has proved one of the world's richest technological goldmines. Above all, there seemed to be a disconcerting parallel between Chen's abrupt departure and Seymour Cray's historic decision 14 years ago to leave Control Data (the company which then owned the world supercomputer business) and start building the massive 'number crunchers' on his own. Cray has never looked back since, while Control Data has stumbled from one financial crisis to another.

Wall Street investors, who saw Cray's share price drop from $113 to $96 in a few days, were not the only ones worried by last week's news. The rumour mills were also spinning among the scientists and engineers - and the increasing numbers of business users - who currently enjoy access to one of the 260 supercomputers installed around the world.

At a minimum, Chen's departure seems to have deflated the image of a company which had come to epitomise that philosopher's stone of hi-tech business: a balanced melding of scientific leadership and financial success. Within what was admittedly a tiny niche of the world computer business, Cray had achieved a market dominance and profitability which even IBM would envy.

In fact last year, with net earnings of $124.8m on revenues of $596.7m, Cray had the highest profit margin of any company in the Fortune 500. Having built 60 per cent of the 260 supercomputers installed worldwide - and 80 per cent of those outside the protected Japanese market - Cray has enjoyed the marketing advantages of industry dominance. 'Nobody ever lost their job for buying Cray' is just as much a cliche in the world of academia, defence and advanced engineering, as is the corresponding statement about IBM among the general data processing managers.

But, unlike IBM, Cray has achieved its near-monopoly position and its enormous profit margins while winning a reputation for design brilliance and quirky scientific innovation that contrasts sharply with Big Blue's stolid and cautious image among computer scientists.

The fear now is that Chen's resignation and the cancellation of the MP project may point to a dilution of this happy blend of technology and commerce. That Cray, in fact, may be the latest instance of a great American science-based company getting too bureaucratic and too stingy to keep ahead in the technological race.

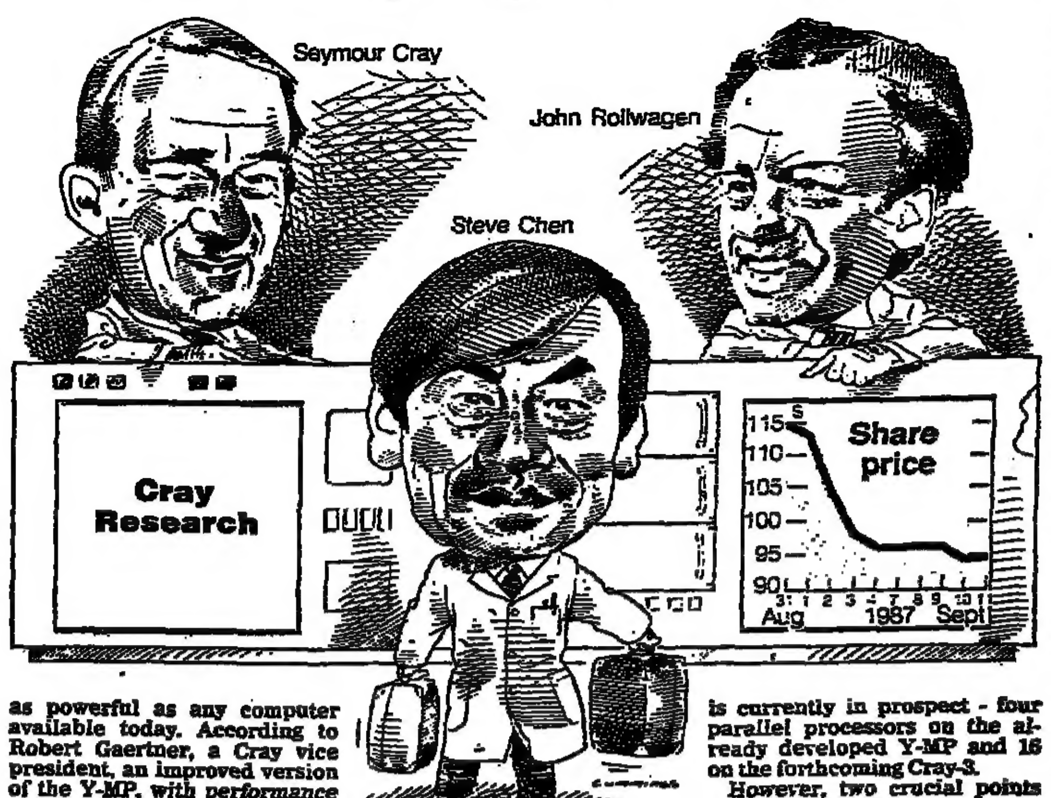
Four reasons for this anxiety have been voiced, especially by analysts on Wall Street:

- Without the MP, Cray may not have a strong enough product to carry it into the 1990s.
- Without Chen, there may be no obvious successor to Seymour Cray as the company's chief designer.
- If Cray cannot afford $100m to invest in the development of the next generation supercomputer, it may eventually be pushed to the sidelines by other companies which can.
- Even if a new programme did get off the ground, headed either by Seymour Cray himself or by another designer, the approach to supercomputer design that Chen and the MP represented might have been more promising than any alternative vision.

While there may be something in these arguments, rumours of Cray's demise on any of these grounds are very premature. In terms of products, Cray has one new model, the Y-MP, about to go on sale and another, the far more advanced Cray-3, that should be demonstrated by the end of 1988 and ready for the market in 1989 or early 1990.

The Cray-3, designed by Seymour Cray, will be roughly ten times more powerful than the Cray-2 and X-MP/4, the two supercomputers introduced by Cray in 1985 which define the current state of the art.

The Y-MP, development of which Chen led until he was transferred to the MP project in 1985, will be about three times as powerful as any computer available today. According to Robert Gaertner, a Cray vice president, an improved version of the Y-MP, with performance as good or better than the Cray-3 is likely to be developed for sale by the early 1990s.



For the mid-1990s, the company is now banking on a Cray-4, which is likely to be Seymour Cray's last project before he goes into retirement. This obviously begs the question of whether the company can rest its future in the 1990s on the talents of a man who is already 61 years old.

However, designing supercomputers is much more than a one-man effort. The fact that each successive generation of supercomputers is proving enormously more expensive to develop than the last makes it less likely that a one-man or venture capital start-up will be able to do to Cray in the 1990s what Seymour Cray did to Control Data in the 1970s.

For analysts who do believe in the hero theory of technological history, there is another point in Cray's favour. Cray's dominance of worldwide supercomputer research gives it a better chance than any other company of cultivating or attracting another great designer - provided, at least, that the next generation but one of supercomputers is built on broadly the same technological foundations as today's.

This is, of course, the great unanswerable question in any leading-edge industry, which always justifies concern about the long-term future of the companies that dominate today.

In Cray's case, the worry has been focused on one specific alternative to present-day supercomputer technology: the concept of 'massively parallel processing'. Parallel processing itself is a long-established technique for speeding up calculations by breaking them up into component problems which can then be solved simultaneously by several processors within one computer.

While the idea is an old one, the practical difficulties of designing both software and hardware to break problems up and recombine them in this way, have often exceeded the most pessimistic expectations. Chen is widely credited with having pushed Cray into the world of parallel processing with his design, in the early 1980s, of the X-MP, a machine which originally had two processors and now has four.

Part of the reason for the concern about the abandonment of the MP project is that the machine was expected to have 64 processors in four groups of 16. This was to be a big advance on the degree of parallelism which is currently in prospect - four parallel processors on the already developed Y-MP and 16 on the forthcoming Cray-3.

However, two crucial points appear to have been lost in the hullaballoo surrounding Chen's departure. The higher-level parallellism planned for the MP was not the key technological disagreement between Chen and the Cray establishemnt. The parallel structure 'was not particularly awesome to Cray - that's the route we were going down in all our projects anyway,' says one Cray official.

The disagreements were connected, rather, with Chen's determination to develop costly new technologies in two other fields: circuit integration and the use of light and lasers transmission for internal communication within the computer. In the past it has been a key tenet of Cray's philosophy to concentrate on finding new ways of using existing technology, rather than trying to design components, as well as computers, from scratch.

As Rollwagen the company's chairman says, 'Steve wanted to start with sand and we wanted to start with parts.'

The company seems to have decided that some of Chen's ideas for semiconductor development were just within the limits of what the company could do on its own - indeed the Cray-3 will include new gallium arsenide semiconductors(super-fast chips) developed especially by Cray at great expense.

The light-transmission research, however, was deemed to be too close to elementary physics for the company to back. 'Too far out into the ozone layer,' as one Cray researcher puts it.

With three gigantic Japanese competitors - NEC, Fujitsu and Hitachi - entering the supercomputer market in the last few years, and with Control Data trying to re-establish itself with a powerful new machine the ETA-10, it is possible that Cray's unwillingness or inability to spend the sums required on basic component research will put it at a disadvantage.

To complicate things further Chen may now start his own rival venture, probably backed by some combination of industrial investment, university research grants and Pentagon money.

However, most analysts see the Japanese challenging Cray at the lower end rather than at the top of the supercomputer market.

The second technological point on which there has been some confusion, at least on Wall Street, is even more important. The kind of parallel processing being studied in the MP project had little to do with the massive parallelism which some researchers regard as the wave of the future for supercomputer development.

Massively parallel processing involves the division of computational tasks among thousands or even millions of parallel processers built directly into integrated circuits. This is a technology with great theoretical promise but enormous difficulties on both the hardware and the software sides. And it is one in which Cray has not really dabbled, with or without the MP.

As Professor Ken Wilson, the Nobel laureate physicist at Cornell who is a leading proponent of this approach to computing, puts it, 'The MP was an attempt to move to higher levels of parallelism without changing the basic thrust'. To move to massive parallelism requires entirely different approaches.

But, according to Gary Smabey, an analyst at the Minneapolis brokerage of Piper Jaffray & Hopwood and financial adviser to the Consortium for Supercomputer Research based at the university there, it is still impossible to foresee the time when these approaches will have any substantial effect on the development of large Cray-type supercomputers.

Technical forecasts are made to be refuted, but if massive parallel processing does turn out to be the wave of the future, it is by no means clear that Cray will be left behind. As Professor Wilson says, the concept is still at such a formative stage that 'for Cray to move into massive parallellism would not take a very long time at the present levels of knowledge.'

The face of tighter security

By Geoffrey Charlish

There is always a security risk involved when someone presents a plastic card at the entrance to a protected building. Is the person the one described on the card?

A solution offered by Inform in London (558 8629) should prove useful at many kinds of security sensitive locations where illegal entry could lead to anything from theft to sabotage. Typical places include military establishments, airports and power statons.

In the Inform system, the authorised permit holder's facial image is captured at the time the card is issued and converted into a digital signal which is stored on a hard magnetic disk within the system.

The procedure involves only a couple of minutes in front of a TV camera and some 10,000 'mug shots' can be held by the computer.

Then, when a card holder presents his card to a card reader, the Inform system is able to select the correct image from store and display it on a security office monitor. There, it can be compared with a live shot from an entrance camera. The prospect of unauthorised persons gaining entry with a stolen card, or one obtained under duress, can be sharply reduced. If desired, a line of text about the holder can be brought up on the screen at the same time.

Aerospace breaks the titanium mould

BRITISH AEROSPACE at Hatfield in the UK is routinely making strong, lightweight one-piece component housings from titanium by exploiting the metal's superplastic properties.

After it has been drilled, a piece of titanium bar stock is heated to a precise temperature inside a mould and argon gas in injected into the hole under pressure. The metal then expands to take up the precise shape of the mould.

EUROPEAN MUSICAL INSTRUMENTS

Judy Dempsey on the Austrian group's drive for export business

Boesendorfer plays Tokyo's tune

IN SPITE of the recent spate of poor economic news from Austria, especially in the state-run sector, there is one success story which seems to have missed the headlines. This is the Boesendorfer piano factory, a *small privately-owned* joint stock company which was one of the few Austrian piano manufacturers to survive the Frist World War and which continues to record profits against stiffer competition.

One would expect present-day Austria to be saturated with piano manufacturers. It is. There is, however, only one manufacturer which aims for the top end of the market, not only at home, but in other parts of Western Europe and increasingly in Asia. With names like the Hamburg-based Steinway piano company, which has dominated the quality end of the piano market for so long, Boesendorfer has had to work hard to establish itself as one of the top-quality piano manufacturers.

Tradition has helped. The company was *founded in* 1828 by Ignaz Boesendorfer, who soon acquired the title of "court and chamber piano maker" from the Emperor. His son, Ludwig, took over the business in 1859.

Ludwig Boesendorfer had a keen ear. When visiting the riding school of Prince Liechtenstein, in the heart of Vienna, he noticed the excellent acoustics. After much cajoling with the prince, Ludwig converted the stables into a concert hall, which functions to this day.

Tradition and nostalgia, so precious to many Austrians, are not enough, however, to sustain a business. Mr Roland Raedler, who took over the company as managing director in 1961, says he was shocked by its structure. "There were 25-watt bulbs hanging over the workshops. The place was dark. The situation was really hopeless. After a few months of studying the books, I realised I could only make headway if major changes were introduced."

Change is not an Austrian forte. Nevertheless, Mr Raedler persisted. He brought in younger craftsmen and experts, and established a system of apprentices, taking in people from Austria and abroad. In 1966, the company received a big capital injection.

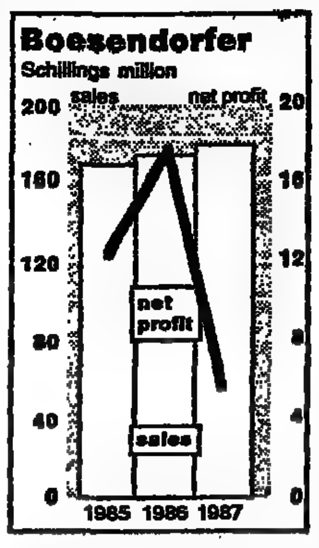
It was then launched as a joint-stock company and bought by Kimball International, the American piano and furniture manufacturer with an Austrian origin. Not contented with the kind of financial security provided by the deal, Mr Raedler embarked on a two-pronged strategy: travelling and production.

Travelling has been one of the keys to Boesendorfer's success. Mr Raedler's first stop was at the annual trade *fair for musical instruments in Frankfurt.* Boesendorfer was there for the first time—and it had to share a stand. That was in 1967—it's been back but has not had to share a stand since. Mr Raedler then started attacking the West German and Asian markets. Starting almost from scratch, and with Steinway already dominating the market, he built up 65 dealerships in West Germany. Today, West Germany accounts for nearly 10 per cent of all sales. The most significant breakthrough, however, has been in Japan.

> Japan accounts for a fifth of Boesendorfer's exports and the company is aiming to increase this ratio to more than 30%. "I decided that our future must lie in Japan," says the chairman. "I now go there every year. I am convinced that this is our largest growing market."

"I decided that our future must lie in Japan," Mr Raedler says. "I now *go* there every year. I am convinced that this is our largest *growing* market."

Export figures bear him out. They rose from Sch 121m to Sch 148m ($12m) between 1982 and 1986. Turnover increased *by Sch 40m to Sch 177m* last year



Music academies and colleges in Japan have more than 36,000 students. Quite a few travel to Europe each year. Mr Raedler latched on to the opportunities presented by the Japanese obsession with European culture. He built a concert hall in his Vienna piano factory, a former monastery.

There, two summer courses a year are held for visiting students, most of them from Japan. The courses are residential, allowing the students literally to see the keys being tuned and the strings being tied to the Boesendorfer pianos.

Of course, the students cannot afford a Boesendorfer—an upright costs beetween Sch 100,000 and Sch 160,000 (between $8,000 and $13,000), a concert grand, around Sch 700,000 and an imperial, which has eight octaves, between Sch 800,000 and Sch 900,000. But Mr Raedler's aim is to ensure that their first choice will be a Boesendorfer.

"*These* pianos, besides *their* top quality, are status symbols," he says. "The Japanese who can afford them want to show them off in their homes. About 20 per cent of our exports now go to Japan. It could go up to between 30 and 40 per cent." Nearly 20 per cent of Boesendorfer's sales are now in the Asian market.

But surely this kind of market could become saturated. What then? Would Boesendorfer compromise the quality on which its reputation rests? Mr Raedler dismisses any such suggestion, and says his aim is for an annual production of about 1,000 grands—at present the factory produces about 700 *grands and 400 uprights* a year. And, of course, he is looking for new markets.

Mr Raedler is off to Peking next month to discuss sales. He first approached the Chinese in 1984, and since then has shipped 13 pianos to the Central Conservatory of Music in Peking. A Boesendorfer imperial has gone to the Peking Concert Hall and another to Peking's new television centre.

Mr Raedler has his eye on Taiwan, too. He has already sold five concert grands to the new National Theatre. The market is there, and Mr Raedler wants to get in before the Koreans, who are upgrading their piano production.

The Soviet Union is another potential market, but sometimes difficult. Mr Raedler recalls a lost opportunity. "Back in 1955 when Austria was still occupied by the four powers, a Soviet officer came to the factory and ordered 20 concert grands. We delivered but the manager at the time never followed up the order by visiting Moscow. He was too afraid to go there. In 1958, Steinway went in and has been there ever since."

Mr Raedler, however, is not a man to give up. He is off to Moscow in the autumn. Mr Gorbachev's new reforming spirit might just give Boesendorfer a little crescendo.

Israel Chemicals setback

BY JUDITH MALTZ IN TEL AVIV

NET PROFITS at Israel Chemicals, the country's largest Government-owned industrial concern, dropped by half to US$27m in the 12 months to March 1987.

This was attributed chiefly to the slump in the world markets for fertilisers, one of the group's main products. Also contributing to the downturn, the company said, was the weakening of the dollar, to which the Israeli currency is closely linked.

Still, management pointed out that, unlike other international companies with similar interests, Israel Chemicals had managed to end the year in the black. *This was thanks to a 10* per cent increase in export volume as well as to a wide range of efficiency measures

Total turnover for the group expanded by 6 per cent to $920m. Exports reached $404m, an increase of 5 per cent.

The company invested $100m last year, mostly in its plants in the Negev Desert region of the country, and will pay to the state $7m in royalties and $4m in cash dividends.

Since no change in world markets conditions is expected until the end of 1987, the company said it will concentrate on increasing sales while cutting costs to boost profitability.

MOROCCAN INDUSTRY

Andrew Whitley on a rare spark of corporate dynamism in Tangier

Nasco makes free with Morocco

EVERY MORNING a green Mercedes pulls up outside a Tangier bookshop, and its chauffeur hurries in to pick up his employer's reading matter—an Arabic-language newspaper, the International Herald Tribune and the Financial Times.

Swaying down the hill towards the harbour, the car pulls up outside the gates of the city's Free Zone.

To say that first impressions of the celebrated Free Zone, an enclave within the port itself, are disappointing would be an understatement. The heavy air is broken only by the sight of an occasional truck meandering across the cracked quayside.

All the greater the surprise, then, on entering a modern, two-storied building bearing little identification apart from the brass registration plate of an obscure offshore bank in the Caribbean.

Inside the open-plan office, built around a central atrium, there is a mood of quiet activity and purpose. Greeting his guests warmly, it is clear that the boss, a slight figure in his late 30s and crisply dressed in a *fashionable* Italian *suit*, has something he wants to get off his chest.

"I have been trying to get through on the telephone to a senior official in Rabat for months," he frets. "His secretary keeps saying he is in a meeting and to call back in the afternoon."

In truth, if the anonymous official were really concerned about the future of Tangier, a neglected, port town still living off old glories, he would be on the telephone to Mr Hassan Nasreddin morning, noon and night.

For the Nasreddins, a Milan-based family of Eritrean origin who own factories from Turkey to Nigeria, are almost the only spark of corporate dynamism in Morocco's northern provinces.

Exploiting the Free Zone's merciful freedom from Moroccan bureaucracy—not to mention taxes—the family-controlled company, Nasco, imports textile fibres and dyestuffs into the country, both for its own clothing factories in Tangier and for other customers.

Using the duty-free imports as his springboard, in just 18 months Mr Nasreddin has turned a bankrupt textiles factory in Tangier's near moribund industrial zone into a thriving enterprise employing 1,100 people.

Sentimental motives

Encouraged by this success, last May Nasco signed a landmark joint venture agreement with Carrera, the Italian clothing company, which is expected to involve investments of $300m.

The 60:40 Moroccan venture, controlled by the Nasreddins, marks the first time that either company has entered a partnership with another.

But even before the joint project takes off, Mr Nasreddin, the restless, Chicago-educated industrialist, is talking enthusiastically about another idea—setting up Morocco's first computer assembly plant, also within the Free Zone, for regional distribution in North Africa.

"If they give it a chance, the Free Zone could be really something," he said wistfully, gazing out at the idle jetties. "We are the only ones using it properly."

What is it that attracted the multi-millionaire Nasreddins to this long decaying corner of the African continent, shunned by other foreign investors, in the first place?

"It was really sentimental motives," explained Mr Nasreddin. "Some years ago, what with the younger generation being educated in Switzerland and the US and so on, we felt we were losing our roots.

"So we decided to build a house here where the whole family could spend Ramadan (the Muslim holy month) together."

The decision to start up a business in Morocco was an afterthought, a spin-off from the original impulse of this devout Muslim family to retain a physical link to a patch of soil in an Islamic country.

The fact that Tangier, with its balmy climate and stunning location alongside the Strait of Gibraltar, is a convenient two-hour flight from Milan, cannot have been incidental.

The Nasreddins' evident belief in hard work and modern business practices are an unusual combination in this part of the world.

Their penchant for delegating authority shocks their more traditional-minded Moroccan counterparts. So too does the Nasco president's preference for a sandwich at the desk with his Pakistani finance director, rather than a restaurant lunch followed by an afternoon siesta.

Nose for profits

To these assets must be added a nose for profits. In spite of all the frustrations of Moroccan business life, in a field such as textiles — where the casualties have been numerous—they saw a market potential and persisted with it, generating an annual turnover already approaching $50m.

"Most of our Arab brothers would not want the headache of investing here," said Mr Nasreddin, relaxing over a glass of fruit juice in his palatial house overlooking the Strait.

"They prefer to invest their money on the New York or London Stock Exchanges."

Not that he is planning to stay on in Tangier for ever. Give it another two or three years, he said, until the Carrera project was established and he would then hand over Nasco to one of his assistants and move on somewhere else.

Japan may ease bond issue procedures

BY YOKO SHIBATA IN TOKYO

IN AN ATTEMT to revitalise the moribund domestic corporate bond market, the Japanese Ministry of Finance is considering allowing Japanese companies to issue straight bonds on the domestic market with a bank guarantee. Such issues are expected to be introduced by the turn of this year.

The move is intended to open the way for fast-growing, smaller companies to issue unsecured bonds. Many of them are engaged in construction, financial services, leasing and other sectors and typically have little collateral security to back bond issues.

In principle, Japanese corporate bonds have to be secured and some 1,100 companies are eligible to issue secured straight bonds.

Companies wishing to issue unsecured straight bonds — which are less costly — have to meet strict eligibility rules. At present, only 200 companies are eligible to float unsecured straight bonds.

Many companies are expected to take advantage of the MoF's decision. Even issuers of unsecured bonds could find it to their advantage to shift to bank-guaranteed bond issues, which entail simpler procedures than those for issuing secured bonds.

The MoF's proposal has been welcomed by the securities houses, but banks are highly cautious about the plan, since the issue of bank-guaranteed bonds means a phasing out of the lucrative "commissioned bank" system, under which a bank is appointed as trustee responsible for the collateral.

The commissioned bank has traditionally enjoyed considerable influence in Japan in setting the terms of corporate bonds, even including the limited number of unsecured bond issues which have not required collateral.

The MoF's advisory council last December recommended clarifying the respective functions in a securities issue of the commissioned bank and the underwriting securities house. The panel went so far as to say that the current legal requirement that a commissioned bank must be retained in an unsecured issue is "not appropriate."

The Ministry's willingness to permit bank-guaranteed bonds is designed to make the commissioned bank concept obsolete; it now views the system as a factor obstructing the healthy development of the corporate bond market, according to Tokyo brokers.

The Ministry of Finance intends to make an all-out effort to win the support of the banks for the launching of bank-guaranteed straight bonds by persuading the banks that the fees they can earn from guaranteeing bonds will make up for the loss of their fees for acting as commissioned banks.

In the fiscal year ended March 1987, the volume of domestic straight corporate bonds issued totalled Y980bn, compared with Y1,689.2bn worth of straight bonds issued overseas.

In the first four months of fiscal 1987 to August, domestic straight bond issues were sluggish, remaining at Y355bn.

Contractors in talks on private prison building

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

TWO CONSTRUCTION contractors are forming a joint company to investigate the building and running of private prisons in Britain.

The two companies, Sir Robert McAlpine and John Mowlem, will employ Corrections Corporation of America - the leading US private prison contractor - as project consultant.

This first strong indication of interest among British companies in becoming more directly involved in the prison system comes while Lord Caithness, Home Office minister, is touring the US.

He is visiting Corrections Corporation of America prisons and other privately-run establishments and will report to Mr Douglas Hurd, the Home Secretary, on extending private sector involvement in Britain.

Private construction companies build prisons for the Home Office in Britain, and the Government is already committed to increasing the use of private-sector techniques to bring new establishments on stream more quickly.

However, the McAlpine-Mowlem initiative goes beyond this. McAlpine confirmed yesterday that the company would look at the possibility of the private sector both building and managing prisons.

Earlier this year, the Conservative majority on the Commons Home Affairs Committee recommended the private sector be given the opportunity to experiment with the contract management of prisons. The decision by McAlpine and Mowlem to set up the company will encourage those MPs who have urged the Government to endorse the committee's recommendation.

The Prison Officers' Association and a range of penal reform groups strongly oppose private prisons, and the idea was condemned at last week's TUC congress. Opponents say it would be morally wrong to give private companies an involvement in decisions relating to discipline and parole when they would have a commercial interest in the outcome.

Supporters of private management stress that the Government would remain responsible for setting prison standards and could withdraw a company's contract if it failed to meet them.

If the Government does decide to experiment with contract management, it is likely to start by asking the private sector to build and operate remand facilities. Remand prisons contain some of the worst examples of overcrowding in the penal system.

The move by McAlpine and Mowlem gives Corrections Corporation of America a chance to extend to Europe the expertise it has gained in running US prisons. Corrections Corporation has already been involved in discussions about developing private prisons in France but public and political support for the idea there appears to be limited.

Risk to unemployed revealed in study

BY JOHN GAPPER

THE LONG-TERM unemployed are at a significant disadvantage when applying for jobs and are at risk of rejection in at least 50 per cent of cases because they have been out of work for so long, an academic study has found.

The study, based on a survey of 450 companies, found employers tended to have negative attitudes towards the long-term unemployed.

In some cases, they were generally hostile towards the long-term unemployed, believing either that their skills had deteriorated during unemployment or that they were inferior in the first place.

The study was conducted by two research fellows of the Institute of Manpower Studies.

Recruitment of the Long-Term Unemployed. Institute of Manpower Studies, Mantell Building, Sussex University, Falmer, Brighton, Sussex. £15.

Thatcher to hear case for fifth TV channel

BY RAYMOND SNODDY

A SPECIAL seminar at 10 Downing Street next Monday on the future of broadcasting will offer a comprehensive review of many of the issues likely to appear in a broadcasting bill scheduled for next year.

After an introduction by Sir Alan Peacock, chairman of the Peacock Committee into the future of British broadcasting, five leading broadcasters will make presentations for Mrs Thatcher, Prime Minister; Mr Douglas Hurd, Home Secretary; and Lord Young, Trade and Industry Secretary.

The five will be:

- Mr Richard Hooper, managing director of Super Channel, the European satellite channel, on delivery of additional programme services.
- Mr Charles Jonscher, communications consultant and advocate of new television channels, on financing additional programme service.
- Mr Michael Grade, director of programmes at BBC Television, on the future of existing TV services.
- Mr Jeremy Isaacs, chief executive of Channel 4, on the future of public service broadcasting.
- Mr John Whitney, director general of the Independent Broadcasting Authority, on the regulation of programme content - a reference to the portrayal of violence and sex.

Mr David McCall, chief executive of Anglia Television and chairman of the Independent Television Companies Association, plans to raise the issue of a fifth national television channel.

The ITV managing directors hope the Government will consider launching a fifth channel funded by advertising rather than change the structure of Channel 4, at present an IBA subsidiary.

Yesterday Mr David Shaw, general secretary of ITCA, said that in the coming age of competition from satellites, ITV needed to be part of a two-channel system with Channel 4.

The ITV companies were prepared to accept extra competition from a separately-owned fifth channel in order to prevent Channel 4 being privatised or freed to sell its air time competitively against ITV.

Channel 4 is afraid a fifth channel could destabilise the finances of the broadcasting system. In such circumstances Channel 4 might be more, rather than less, likely to seek its independence.

ITV ultimatum to independent producers

BY RAYMOND SNODDY

THE ITV companies yesterday gave independent television producers an ultimatum to accept ITV guidelines on the business relationship between the companies and the independent producers or face the prospect on an end to central negotiations.

Mr David Shaw, general secretary of the Independent Television Companies Association, said: "We have made terrific progress but we have gone as far as we can within the terms of central negotiations.

The ITV companies, the Independent Broadcasting Authority and the independent producers have been talking for more than six months about implementing government plans to give independent producers access to 25 per cent of Britain's four national television channels.

The IBA decided the independent producers should have about 500 hours of regional and network programmes a year on ITV by 1989.

Detailed negotiations with ITV have run into trouble because independent producers want an agreement on issues such as minimum production fees and assignment of copyright covering all 15 ITV companies.

ITCA believes the separate ITV companies, almost all of which are quoted on the Stock Exchange, should be able to negotiate such issues individually with independent producers subject to basic guidelines.

Detailed terms of trade covering all ITV companies, Mr Shaw said yesterday, "is not on, never has been on and never can be on."

He said he hoped independent producers would accept the guidelines at a joint meeting next week so that the ITV companies and the independent producers "will be able to do business."

Ms Sophie Balhachet, chairman of the Independent Programme Producers Association, yesterday attacked the ITV companies for "trying to preempt negotiations".

Small companies to be encouraged to export

BY PETER MONTAGNON, WORLD TRADE EDITOR

THE BRITISH Overseas Trade Board is launching one of its largest campaigns to persuade small companies to enter the export market.

The £800,000 campaign will involve intensive media advertising between now and November backed up by a series of seminars for exporters.

It is in line with statements by Lord Young, Trade and Industry Secretary, that more should be done to encourage small exporters, and is a response to BOTB research suggesting that companies with an annual turnover of between £1m and £10m could make a big contribution to Britain's export effort.

Sir James Cleminson, BOTB chairman, said yesterday: "There is a very good opportunity for British exporters to increase their share of world markets."

He said research showed that only one in six of the 12,000 companies in the target turnover range were active exporters, while a further 4,000 were occasional exporters. Sir James added that if the latter group could boost their export sales to 15 per cent of turnover, the UK would generate an additional £5bn in exports, the equivalent of half the current trade deficit in non-oil goods.

The main opportunities lay in mechanical engineering, instruments, electrical and electronic goods, chemicals, textiles and metal goods. The failure of smaller companies to export was largely due to management attitudes.

Overseas wool sales reach £304m half-year record

BY ALICE RAWSTHORN

THE UK wool textile industry experienced buoyant exports in the first half of the year when overseas sales reached a record £304m, an increase of almost 5 per cent on the same period last year.

Mr John Ward, chairman of the National Wool Textile Export Corporation, said he was hopeful that the industry would fare as well overseas in the second half of the year.

If the present level of exports is sustained the wool textile industry may better the record of £607m achieved in 1985. Last year UK wool producers mustered overseas sales of £556m.

The export performance of different types of wool varied widely. Exports of tops - combed wool and hair - rose by 26 per cent to £51m, according to the Wool Industry Bureau of Statistics, while overseas sales of raw wool increased by 18 per cent to £44m.

In contrast, exports of wool cloth fell by 3 per cent to £107m, with a 9.5 per cent fall in volume. Yarn exports decreased by 7 per cent to £53m, with a 3 per cent fall in volume.

Overseas sales of all other wool products rose by 9 per cent to £49m.

The wool textile industry has gathered momentum in recent years after a decline in the late 1970s and early 1980s.

A succession of cuts and closures has eradicated surplus capacity. Many of the woollen mills have since invested in new technology to improve productivity.

Managing director of Prestige Group

PRESTIGE GROUP, a Gallaher company, has appointed Mr Philip Luckett as managing director. He was vice president, Europe, with Alberto Culver. Mr Michael Kettle, a director of Gallaher Group Executive, becomes chairman of Prestige from January 1 1988 on the retirement of Mr Paul Van Zuydam, who remains on the board of Gallaher.

Mr Philip Luckett

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Mr Peter W.Cashen has been appointed managing director of NM SCHRODER LIFE ASSURANCE.

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Mr Peter Binns has been appointed executive director designate of HADRIAN TRUSTEES, the independent administrator and trustee of The Shipbuilding Industries Pension Scheme. He will have special responsibility for sales and marketing in the company and will also be devoting time to Solway Pensions, an investment of SIPS which can administer pensions for any company, whether involved in shipbuilding or not. It is expected that he will be appointed to Hadrian's management board on October 1. Mr Binns was group employee benefits manager with United Glass holdings.

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Three directors have been appointed to the board of TAYLOR WOODROW CONSTRUCTION (MIDLANDS), of Stafford. They are Mr R.P.Boorer, Mr M.J.D.Probert, and Mr K.Stables, who have all been divisional directors since 1983.

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Mr Brian Taylor has been appointed to the board of REFUGE ASSURANCE. He remains company surveyor.

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FAIREY GROUP has made the following board changes. Mr David Kingsbury becomes chairman in addition to his role as group chief executive, and Mr Eric Swainson is appointed non-executive vice-chairman. Mr.Swainson was managing director of IMI until his retirement last year, and is currectly a non-executive director of Lloyds Bank, AMEC, and Birmingham Broadcasting. Mr T.Neville, a former finance director of Vickers, and Mr G.D.Fairservice, a director of Candover Investments, have been appointed non-executive directors.

Mr Andrew Bremner has been appointed deputy chairman of RICHARDS, LONGSTAFF (INSURANCE HOLDINGS). Mr Nicholas Lund becomes chief executive; Mr Barry Birch and Mr Stuart Emery are made associate directors - aviation division; and Mr Dennis Milne is appointed non-executive director, Richards, Longstaff (Marketing Services).

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Dr Malcolm Gibson has been appointed sales director of ENGLISH SEWING. He was with C.V.Carpets as sales director.

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ERNST & WHINNEY has appointed Mr Robin Wilmington as head of the international division of Ernst & Whinney Life & Pensions. He joins from Lacomp where he was a director specialising in financial advice for British expatriates.

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Mr Chris Kemp has been appointed group chief accountant of TARMAC, succeeding Mr Harold Morris who has retired. Mr Kemp joined Tarmac in 1983.

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Mr Neil Carrigan has been appointed general manager of WEIR ENGINEERING SERVICES. He was commercial manager with Mather and Platt Machinery which was recently acquired by the group.

Mr Philip B. Van Neste has been appointed managing director of WARDLEY FUND MANAGERS (JERSEY). He was with Fidelity International, Jersey.

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Mr Michael Bridges has been appointed director and general manager of VALOR HEATING an operating company of Valor Gas. He was manufacturing director.

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NATIONAL CARRIERS CONTRACT SERVICES has appointed Mr Tom Burke as its new board director to replace Mr Len Maybanks who will be retiring this year. Mr Burke was general manager.

UK NEWS

Timetable agreed for electricity sell-off

By Max Wilkinson, Resources Editor

SENIOR CABINET ministers yesterday agreed to press ahead with privatising the £37bn electricity industry in this parliament, even though this timetable will preclude the more radical options for breaking up the Central Electricity Generating Board (CEGB) in England and Wales.

Mr Cecil Parkinson, Energy Secretary, told the meeting that he believed it would be possible to bring forward firm proposals later this autumn with a view to legislation in the next parliamentary session.

The meeting, which included Mr Nigel Lawson, Chancellor of the Exchequer, Mr Malcolm Rifkind, the Scottish Secretary, and Lord Young, the Industry Secretary, was described as a preliminary discussion of the main issues raised by privatisation.

Ministers agreed that the final proposals should seek to introduce as much competition into the industry as possible, consistent with keeping to the time schedule laid down by Mrs Margaret Thatcher, Prime Minister, after the general election this year.

One of the main options presented to ministers was the removal of the national high voltage transmission grid from the CEGB into a separate regulated company, perhaps owned by the distribution sector of the industry. The idea behind this would be to weaken the monopoly power of the board and to set conditions which would allow new competitors to enter the power generating sector.

Another option would be to leave the grid as part of the CEGB in the interests of operating efficiency, but to enact very tough legislation to ensure that it was not used to the detriment of potential competitors.

Mr Parkinson and his advisers will be working out more detailed proposals for a decision probably next month or in November. They will also be looking at the possibilities for spinning off some of the CEGB's power stations although the board's generating activities are likely to be substantially unchanged after privatisation.

Mr Parkinson will also have to develop firm options for privatising the 12 area distribution boards south of Scotland.

Raw materials costs fuel inflation fears

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S *manufacturing* industry faced another rise in their fuel and raw materials costs last month, raising concern over the longer-term prospects for inflation.

Official figures released by the Department of Trade and Industry indicated, however, that for the time being companies were absorbing the cost increases rather than passing them on to consumers.

The department said that its index of fuel and raw material prices rose by 0.5 per cent in August, mainly due to higher oil prices. That took the annual rate of increase up to 9.1 per cent.

At the same time in 1986, input prices were falling at a comparable annual rate, reflecting the collapse in the oil price and weak international commodity markets.

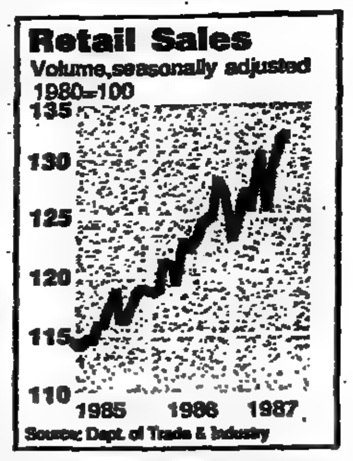
The latest year-on-year figures tend to exaggerate the upward pressure on costs because of the statistical impact of last year's price falls. There is none the less evidence of a steady upward trend in costs, as a result of both higher oil prices and some strengthening in other international commodity markets.

For the moment manufacturing companies appear willing to absorb the increases. Rapid productivity growth has slowed significantly the pace of increase in unit labour costs, at least partly offsetting higher fuel and raw material prices. Company profits also appear relatively buoyant, allowing industry to trim its margins.

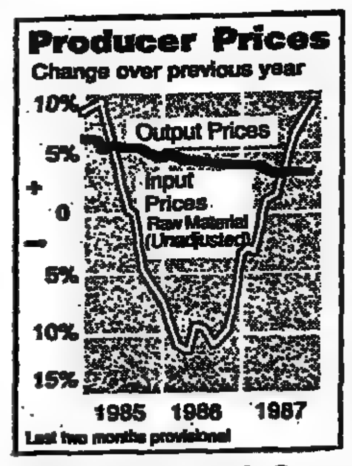
The department's figures show a rise of 0.3 per cent in factory gate prices during August, but the annual rate of increase was unchanged from July at 3.8 per cent. That appears to be in line with the Government's target of a retail price inflation rate of below 4 per cent by the end of the year.

City of London economists, however, expect the pace of productivity growth to slow next year while the Government's policy of holding sterling stable is likely to squeeze profit margins gradually.

That suggests that rises in input costs will then be translated into rising factory gate prices



Source: Dept. of Trade & Industry



Last two months provisional

Third French group acquires stake in UK water industry

BY ANDREW TAYLOR AND GEORGE GRAHAM

COMPAGNIE GENERALE des Eaux, France's largest water distribution company, supplying more than 20m people, has purchased stakes of almost 18 per cent and almost 19 per cent in two British statutory water companies.

It is the third French water company to announce plans to invest in Britain in advance of the proposed privatisation of the British water industry.

Compagnie Générale des Eaux, which is publicly-quoted, has acquired a 17.93 per cent stake in Lee Valley Water Company in Hertfordshire, north of London, and an 18.83 per cent stake in North Surrey Water Company, south of London.

The British companies, both quoted, welcomed the move which they said would bring long-term benefits to shareholders, customers and employees. A large portion of the shares, in both cases, were acquired from the Water Companies Pension Fund.

The fund's trustees said last night they had not been involved in the decision to dispose of the holdings which had been taken by the fund's managers Schroder Investment Management.

North Surrey and Lee Valley are two out of 29 quasi-independent companies which continued to operate after the 1974 Water Act. The act radically reshaped the water industry creating 10 publicly-owned regional water authorities in England and Wales.

Compagnie Générale des Eaux has used its considerable cash resources to take significant stakes in several recently-privatised French companies. It said the link with the British companies was an association between professionals with a similar approach to the business of water distribution.

North Surrey and Lee Valley are close to another statutory water company, Rickmansworth Water Company, in which Trafalgar House of Britain and Bouygues of France earlier this year jointly paid £200,000 for a 22 per cent stake.

Trafalgar House and Bouygues, through their British water joint venture, Cementation Saur, are also understood to have acquired stakes, each thought to be less than 10 per cent, in North Surrey and Lee Valley.

Bouygues, the world's biggest construction company, is a leading supplier of water services in France.

BT likely to face pricing inquiry

BY DAVID THOMAS

BRITISH TELECOM, the UK's embattled telephone company, is almost certain to face a major investigation of its pricing arrangements next year by the Monopolies and Mergers Commission.

The investigation, which will be initiated by the Office of Telecommunications (Oftel), the industry's regulatory body, could affect the timing of the sale of the Government's remaining 49.8 per cent stake in the company. The Government is free to sell the stake after April 1988.

It is also likely to intensify pressure on BT to keep its price changes next year low. This year BT froze the prices on its main inland services.

Professor Bryan Carsberg, Oftel's director-general, said in a speech to brokers James Capel early this month that he would probably refer BT to the commission.

The rule governing BT's prices, which keep annual changes in a "basket" of main inland services to less than 3 per cent below changes in the retail price index, is due to expire in 1989.

Prof Carsberg said he could in theory agree new arrangements with BT, but he thought a reference to the commission was "very likely," because Oftel would wish to demonstrate that the new pricing arrangments were the best possible for consumers, and BT would be under similar pressures from its shareholders.

This would be the first time Oftel had used its power to refer BT to the commission, which is the mechanism for sorting out a disagreement between the two.

Prof Carsberg said he would probably publish a discussion document about the issues which he would want the commission to consider, a move which is bound to keep alive the debate about BT's record since privatisation. The issues would include:

- Whether the price formula should last for five years, as at present, and whether it should be tightened by increasing the figure deducted from the RPI.
- Whether it should be extended in scope, for instance, to international tariffs and charges for leased lines.

Ashdown in a hurry to spell out his creed

MR Paddy Ashdown, who entered the Commons just four years ago when he won Yeovil from the Tories but who is already being tipped as a successor to Mr David Steel and a possible leader of a newly merged Alliance party, is hurrying around Harrogate.

Mr Ashdown, whose brief embraces education, broadcasting and the arts, is already seen by some fellow Liberals as the heir apparent to carry the torch of Liberalism, although some within his own ranks consider him too clever and too quick by half.

he has wasted little time this week in doing the assembly rounds and imparting his views on a range of subjects from education to ecology.

Fresh off the press and on sale at the conference centre is Mr Ashdown's personal political agenda, written in the aftermath of the general election. He spelled out its main themes at last night's Liberal News rally, the principal fringe meeting of the assembly.

He made it clear that any merger with the SDP must not be allowed to jeopardise the principles of mainstream Liberalism and reaffirmed his wish to see the creation of a simple, decentralised, left-of-centre force in British politics.

In setting out his own Liberal charter, he claimed that if it was not to become increasingly divided between the privileged and the dispossessed, Britain needed more Liberalism rather than less. Any new party created with the SDP, he added, had to have new ideas capable of translating the old principles of plurality, fairness, justice, internationalism and liberty into fresh proposals to fit the future.

Mr Ashdown, whose remarks underlined the Liberal Party's determination not to give too much ground in any forthcoming merger discussions with the SDP, stressed that his colleagues nevertheless had to accept that some "comfortable old notions and institutions which we have defended with glory" would now have to be abandoned.

Changes in the organisation of the Liberal Party itself, he continued, were a priority. It needed to simplify its message to the electorate and develop a communications system capable of serving a party which had a decentralised structure

He added: "Above all, we need a party built on teamwork. It is no longer the case that the strength of our party lies exclusively or even chiefly in parliament. Those who actually handle power, control budgets and make decisions which affect people's lives are in our councils up and down Britain."

"We will never win power unless we can find the way effectively to weld the local and national elements of our party into a single instrument capable of delivering Liberal government at every level of our nation."

CND head wants to join Liberal Party

MS Meg Beresford, general secretary of the Campaign for Nuclear Disarmament, said yesterday that she intends to join the Liberal Party, a decision which could alarm the pro-merger majority in the Social Democratic Party.

Warning against 'bickering'

MERGER talks between the Liberal and Social Democratic parties should not be dominated by detailed policy issues or distracted by bickering from dissenters, senior Liberal Party members urged yesterday.

In speeches opening the Liberal Assembly in Harrogate, Mr Des Wilson, party president, and Mrs Shirley Williams, president on the SDP, set the tone for today's debate on the future of the Liberal Party.

In the same session Mr Adrian Slade, Liberal president-elect and Lord Tordoff, a former president, directed warning shots at Social Democrats and Liberals who thought independent parties could succeed in elections.

Mrs Williams - who received a standing ovation from Liberal delegates - condemned "go-it-alone Social Democrats," who agreed to a ballot but rejected merger before the result was announced and the terms had been agreed. "They are not entitled to dismiss, in advance, the outcome of a ballot held at the time of their choosing and on questions that they agreed to," she said.

She described as "pointless" speculation about whether the new party would put up candidates against the three anti-merger SDP MPs - including Dr David Owen, the SDP leader.

"We should not be distracted," she said. "For we have more crucial decisions to make."

A merged party, Mrs Williams argued, could be based on a common set of principles.

It would be radical, democratic and internationalist. It would a party of the information society - decentralised, anti-authoritarian and classless.

Shirley Williams: 'No distractions'

Adrian Slade: 'Constitutional niceties.'

Negotiations would not be easy, the SDP president warned, but the long history of the Liberals was a "springboard" for the future. "Nobody should underestimate the rocks and sandbanks through which we have to navigate," she said.

Reports by Michael Cassell, Tom Lynch and Ralph Atkins

Mr Adrian Slade, who takes over as Liberal Party president at the end of the conference, said merger talks could be hindered if members protected their policies and "constitutional niceties" as if they were "set in tablets of stone."

The Liberal Party, he said, was entering "epoch-making times" but if merger talks were to succeed discussions must be generous and open-minded.

"All I fear are the stumbling blocks of pride that we may erect on the road to creating that single-minded movement."

Mr Slade warned those who sought to set up a party distinct from the new merged organisation that it was "destined for extinction on the sidelines of our current electoral system."

He told the assembly: "The moves of the separatists remind me of more fateful words of Captain Oates. 'I am going outside now and I may be some time'. He was never seen again."

The Alliance, Mr Slade admitted, had failed to capitalise on the opportunity created when the SDP was launched in 1981. But the opportunity was still there, he said, and neither party was prepared to stand still let alone put the clock back.

"The Rosie-fingered false dawns of separate development are not for us," he added to applause - partly because of the veiled reference to Mrs Rosie Barnes, one of the anti-merger MPs.

Mr Des Wilson, in his presidential address, said his experience as campaign manager during the general election had convinced him that merger was necessary on organisational grounds. A new party, he argued, would also bring the advantages of a fresh start.

He complained that frequently in the past the Liberals had found themselves responding to Social Democratic initiatives. This partly justified the decision of Mr David Steel, the Liberal leader, to talk of merger so soon after the election.

"If there had been a delay before David Steel took his initiative, would there not have been some inititative from David Owen or the SDP that we would have had to respond to once more, on SDP terms?"

A call to focus on major issues, not detailed policy or attacks from opponents, was made by Lord Tordoff, former president and currently Liberal Party Chief Whip in the House of Lords.

He said responding to snide attacks was "a total waste of time" while detailed policy discussions - particularly on defence - were irrelevant.

"The question of how may Tomahawks can be balanced on the point of a Trident has already taken up too much valuable time," he said.

Peter Riddell on a polemical Liberal broadside

Conciliatory line shunned

IT WAS too good to be true. The Liberal Assembly had opened smoothly with conciliatory speeches from party leaders and then moved into predictable internal controversy over party business and the constitution.

But then the *enfants terribles* of the late 1960s, Liberal activists Mr Tony Greaves and Mr Gord Lishman, unveiled a pamphlet which could not have been better designed to embarrass the party leadership, over the merger talks with the SDP.

Written since the SDP conference in Portsmouth a fortnight ago, the pamphlet argues that any new party should be basically a Liberal party. The authors are blunt: 'We are unashamedly Liberals. We intend to go on being Liberals.

'Liberal is the only word which honestly and accurately describes our political beliefs. We believe that it is these Liberal ideas, attitudes and values which, turned into the practical ideology of modern liberalism, are the basis of the kind of political changes we want to see.

'We are willing to discuss a possible merger between the Liberal Party and some remnants of the SDP, but we insist on doing so in Liberal terms. A new party which is not founded on Liberal values and principles will not be a body fit for Liberals to belong to.'

The authors go on to criticise the SDP for being a 'party for people who seem frightened of politics: people who wanted to take the politics out of politics.'

Tony Greaves: Enfant terrible of the 1960s

At a launch press conference yesterday afternoon the authors claimed that some leading Liberals privately agreed with them and said that whatever the public references to a merger there would in practice be a takeover of the SDP by the Liberals.

Party leaders quickly moved to dampen down any row ahead of today's debate on merger talks and tomorrow's address to the assembly by Mr Robert Maclennan, the new SDP leader. It was significant that Mr John Pigott, the chair of the Association of Liberal Councillors, a prominent activist body, said there could be no question of a takeover. 'It has to be a coming together of equals with respect for the views and principles of each party.'

This row will not hold up the merger talks but it does indicate the difficulties ahead in creating a new party.

Democrats or Drones? by Tony Greaves and Gordon Lishman. Price £3 from Hebden Royd Publications.

Leadership escapes challenge to veto

THE LIBERAL leadership survived its first serious challenge of the conference when delegates decided, by 255 votes to 175, not to vote on a motion abolishing the party leader's power of veto over the election manifesto.

The motion was put by the Young Liberals, who voiced suspicion that the provision might be extended into any party arising out of merger talks with the SDP.

However, the party leadership was alarmed that the passing of such a motion at this conference would be seen by the press as a snub for Mr David Steel - who has never used his veto - on the eve of merger talks.

Ms Rachel Pitchford, the YL chairman, assured delegates that no criticism of Mr Steel was intended and argued that the most democratic policy-making process possible should be taken into the merger talks.

"Those who support the leader's veto should have the courage of their convictions and stand up and say it now in the democratic forum of the assembly and not later in some smoke-filled room."

Mr Roy Blockley, YL vice-chairman, said: "Perhaps the Social Democrats will want to adopt this bit of our constitution. It's the only bit of our constitution the SDP actually likes. Experience of the Alliance over the last six years is that policy decided here has become less important than the policy decided by a few people - an elite.'

Mr David Alton, Liberal Whip said he had some sympathy for the proposal, but it was not a question that had to be settled there and then - it could be examined in the context of the constitution of the new party.

Mr Michael Meadowcroft, vice-chairman of the policy committee and former MP for Leeds West, said the veto was part of a balance in the policy-making structure, which should be reviewed as a whole.

The manifesto was not a catalogue of every motion ever passed by conference, it was an assessment by the policy committee of the topical issues. The veto was the leader's counterweight to possible capriciousness by the committee.

Delegates supported the leadership in the procedural motion not to put the motion to a vote, but they had earlier snubbed the platform by attacking the decision to abolish the policy division at party headquarters and criticising omissions from the annual report.

The policy division was scrapped as a cost-cutting measure after the general election, when the alternative of spending less on agents was rejected.

Mr Rob Wheway (Coventry North West), moving a successful motion dissenting from the decision, told delegates: 'It seems stupid and very short sighted to throw away valuable expertise gathered over many years. The decision and the manner of it seem to show that the National Executive has been more concerned with administrative convenience than with principle and policy.'

The conference also passed a motion regretting 'the inadequacy of the annual report.' The motion highlighted the omission of reports from several committees, including the policy committee, and the lack of a full report on the general election campaign.

The motion was carried overwhelmingly, but delegates stepped back from rejecting the report.

Williams says market forces 'blunted by commercial power'

MRS Shirley Williams, the SDP president, yesterday stressed the social elements in the social market economy, which her party sees as a policy cornerstone of any new party which may result from merger talks with the Liberals.

Speaking to Liberal delegates at a pre-conference discussion on the role of the City, she argued that there were limits to the ability of markets to provide effectively for consumers.

She said market forces alone could not deal with concentrations of commercial power, with the position of weaker consumers, or the need to encourage industry to make long-term investments such as training.

Mrs Williams said there was no requirement on British companies, unlike those in the US, to publish accounts of research and development expenditure nor did British companies have to quantify their investment in 'the development of human resources.' As a result the UK spent less than one-tenth as much on training per working hour as was spent in the US.

She appealed to accountants to accept that 'to try to assess the value of a company in the information age without taking into account its human resources is to live in a 19th century first industrial revolution and not in a 20th century second industrial revolution.'

Concentrations of commercial power were largely inevitable in some sectors in a country the size of the UK and these could 'bias and to some extent blunt' market forces.

'There are many areas of British industry where market forces do not operate because the market is dominated by one (supplier) or a very small number of suppliers. We are not a free market country. We are an oligopolistic market country.' It was 'a real illusion to pretend that big companies were subject to the full play of the market.'

Mrs Williams said there were areas such as health where consumers were open to exploitation because they were often in a state of fear. Experience in the US showed that people would pay almost any amount of money for health and that made them vulnerable.

She highlighted the plight of some elderly people 'bitterly exploited sometimes to the point of danger in nursing homes.' To talk about a free market in homes for the elderly, she said, was "utter rubbish."

Mrs Williams, who as a minister in the last Labour Government set up the National Consumer Council, said it was 'shocking that the NCC is now regarded as another wing of the Conservative Party, like almost every other statutory body.' She said it should be independent as originally envisaged and consultative on all mergers and takeover bids and all privatisations.

If it had been consulted over the British Telecom share sale, the Office of Telecommunications would have been stronger. As it was the consumer was 'the captive casualty of the BT privatisation."

She argued that 'the mess-up that is now BT had come about because of the political imperative to sell the shares which had been done at an unrealistically low price and had the effect of transforming a public quasi-monopoly into a private one."

Mr Paddy Ashdown, MP for Yeovil, argued for the 'taper concept' on investment policy. 'At the very centre of our economic policy is the espousal of consumer rights of the individual investor. "This involved more protection for small shareholders than the major institutions."

Mr Roger Pincham, a member of the party's steering committee on economic policy, said a shift of emphasis towards the smaller shareholder would give more influence to those most likely to consider social and ecological factors.

There were differences between delegates on regulation policy. Some favoured a more powerful and expanded Office of Fair Trading able to act independently of ministers while others wanted bodies like Oftel to oversee individual sectors.

Mr Ian Morrison (Croydon South), who spent two years at the OFT on secondment from the Bank of England, described the OFT as 'a bunch of amateurs all the time worrying about political masters in Whitehall.' But he argued against dispersing regulatory functions because supervisors required knowledge of markets in general rather than to be tied to one sector.

Ms Becky Bryan (Stanford and Spalding), a City analyst, accused the Government of being 'corrupt' in its application of takeover and merger policy. "If you look at the success rate of companies which have been allowed to merge and look at their accounts and see how much they gave to the 'Tory Party you would be alarmed.'

N-waste may be stored under sea near Sellafield

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN'S first nuclear waste dump beneath the seabed may be excavated near the Sellafield factory of British Nuclear Fuels in Cumbria.

The possibility of a sub-sea store for radioactive wastes is part of a three-point plan for further investment in nuclear waste management which the company is putting to Copeland Borough Council and Cumbria County Council.

The plan also includes a £20m investment in the low-level radioactive waste dump at Drigg, near Sellafield, which is operated by the company but also used as a national disposal site for hospital and other radioactive wastes.

The company plans to investigate the possibility of extending the Drigg repository. It said that would mean storing the wastes in concrete bunkers instead of in the present earth trenches.

The scheme for a sub-sea site which would contain intermediate and low level radioactive wastes, follows last June's government decision to abandon the search for land sites for a shallow dump.

Excavation of the sub-sea repository, at a cost put at several hundred million pounds, would involve a big construction project after completion of Sellafield's £1.6bn thermal oxide reprocessing plant in 1992.

The company proposes to act as agent for UK Nirex in further geological studies of the seabed over the next two years, at a cost of about £2m.

The sub-sea storage concept has been developed successfully in Sweden, where storage silos have been excavated about a mile offshore from the Forsmark nuclear station north of Stockholm. The Forsmark store is expected to receive its first wastes next year.

Mr Leslie Johnson, newly-appointed manager of BNFL's waste management unit, said present thinking favoured a dump that could be reached from the Sellafield site itself, by either asloping or a vertical shaft and underground tunnel. He expected the store to be about 800 metres (875 yards) deep - far deeper than Forsmark's.

Unlike Forsmark, where the plan is to fill and then permanently seal the silos, the Sellafield store is expected to be continuously monitored and to permit retrieval of waste if necessary.

BNFL said it believed its scheme was in the mutual interest of the company and west Cumbria in safeguarding the future of a factory crucial to the region's economy.

Copeland Council said the proposed improvements for Drigg were particularly welcomed, while the ideas for additional waste repositories provided a basis for further discussions.

"While the council accepts that investment at Sellafield assists the local economy, the overriding issue is of health and safety of the local community and pollution of the environment," it said. "These issues will continue to underlie future discussions with the company."

Retail sales volume still climbing

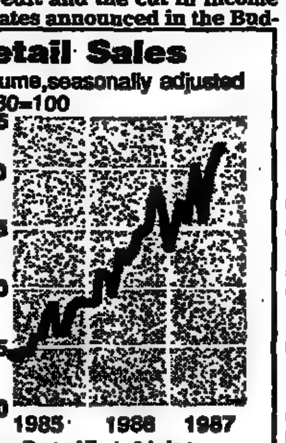
By Philip Stephens and David Churchill

BRITAIN'S long-running consumer spending spree showed little sign of abating last month with retail sales volume setting another record.

Department of Trade and Industry provisional figures showed a 0.5 per cent increase in sales last month. This was smaller than those in June and July but nevertheless indicated the strength of the underlying upward trend in consumer spending.

If the past three months are taken together, the volume of sales was 3 per cent higher than in the previous three-month period and 6 per cent above that of a year earlier.

Buoyant earnings for those in work, strong growth in consumer credit and the cut in income tax rates announced in the Budget have fuelled the spending. There also may have been some run-down in personal savings after the increase seen in the first few months of the year.



The strength of retail sales is a key factor in the present rapid rate of overall growth in the economy, which has been running at an annual 4 per cent in recent months. The buoyancy of high street spending, however, is also a cause for concern in the City that the present pace of economic expansion may prove unsustainable.

A high and growing proportion of retail sales is imports, and the sales level has been a significant factor in a marked worsening of Britain's trade position since the early part of the year.

The buoyancy of retail spending last month came as no surprise to retailers. The Retail Consortium, which represents the bulk of Britain's retailers, said the steady increase in earnings and retail credit had helped maintain the strength of consumer spending in the shops.

Mr Richard Weir, director-general of the consortium, pointed out that there was increased consumer confidence in employment prospects, which was helping to keep sales high.

Imports had not increased their share of the market in spite of the more buoyant levels of sales over the past three months, he noted.

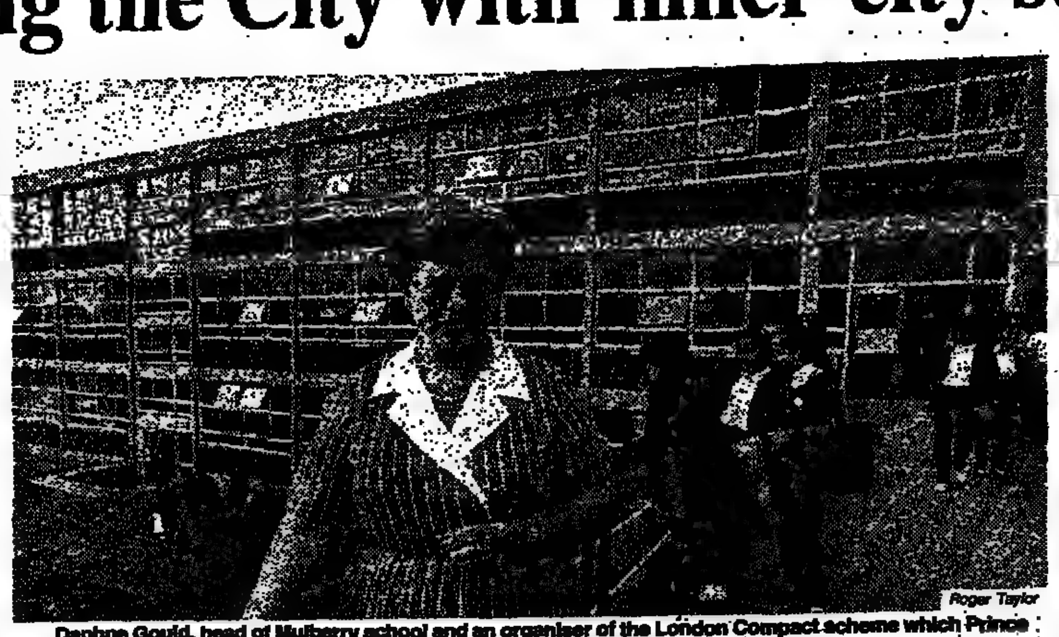
Although August was a good month for consumer spending, some retailers yesterday were privately expressing concern at how long the spending boom could continue.

In spite of last month's buoyancy, the strength of demand in September appears so far to be less than expected.

The John Lewis chain of department stores, a traditional barometer of consumer spending, reports that sales value in the week ending September 5 was about 4.4 per cent higher than in the same week last year. However, this reflects the fact that the August bank holiday was later this year, leading to one day less of trading.

Ralph Atkins looks at a scheme to put schoolchildren in touch with local employers

Linking the City with inner-city schools


Roger Taylor

Daphne Gould, head of Mulberry school and an organiser of the London Compact scheme which Prince Charles will launch tomorrow

PRINCE CHARLES will be in east London tomorrow, scarcely beyond the shadow of the sleek offices of the City, to launch a scheme which could guarantee jobs for school-leavers in one of the most deprived areas of Europe.

The London Compact brings together locally based businesses and four pilot schools in the London boroughs of Tower Hamlets and Hackney. In the first year it could secure jobs for 300 children who might otherwise be forced on to the dole queue.

The organisers hope that the scheme will spread in the next few years across London and eventually will involve businesses and children throughout the UK.

The project, untried before in the UK, is based on an idea imported from Boston in the US. It aims to link education and industry and give children the opportunity to share in the prosperity of local companies.

Each child is set targets which include attendence records, punctuality, personal skills and academic achievement. If met they should prove a passport to employment.

So far 18 companies have pledged support for the compact but 50 should be signed up by next summer - sufficient to provide jobs for all fifth-form leavers in the four pilot schools.

Companies involved include service industries such as British Telecom and the Post Office and financial institutions such as Kleinwort Benson and clearing banks. The retail sector is represented by Asda and Tesco. Heavy industrial and commercial companies include John Laing Construction, Canary Wharf Development Company and Whitbread.

The launch takes place at Mulberry school, off Commercial Road and near the inner-city slums which appalled and moved Prince Charles on his East End tour in July.

The 24-year-old school for girls has 1,000 pupils of which about 80 per cent are Bangladeshi. It is firmly multi-cultural with 17 languages in use between pupils.

The school stands partly on a Second World War bomb site and is surrounded by wretched textile workshops in dilapidated buildings and a 20-torey tower block of small flats with peeling paintwork.

Mrs Daphne Gould, head-teacher at Mulberry for 14 years, has been involved with organising the scheme for the past year. The compact, she says, will bridge the void her pupils experience between education and industry and will bring a sense of purpose to the school ethic.

"It gives a raison d'etre for the whole thing we are doing here - the academic, personal and social education of children," she says.

Not only will there be jobs available but there will also be opportunities for children to gain work experience, have lessons in interview skills and visit companies.

Already the heads of geography and computing have plans to spend time with participating companies and to incorporate practical industrial applications in the new General Certificate of Secondary Education examinations. Mrs Gould herself has spent a week shadowing managers at the local Whitbread offices.

Pupils will not be obliged to take part but the emphasis is on flexibility. The record of achievement obtained will be a portable qualification that could enhance the value of university degrees, sixth and fifth-form exams, or schoolwork.

Performance will be measured in a variety of ways. Targets will be set individually and pupils will be expected to show improvement in their final years at school no matter how low or high the starting point.

"It is good to use the word target," says Mrs Gould. "It is not a word that is used very often in education but it is used a lot in industry where targets are set and you are expected to meet them."

The compact has benefited from lessons learnt in Boston where the agreement with industry is two years old.

The London scheme is being run by the London Education Business Partnership which is funded jointly by the Inner London Education Authority and the London Enterprise Agency.

Mr John Farrow, personnel director at John Laing Construction and chairman of the employers' committee, argues that it will provide London companies, such as his, with an opportunity to invest in the local workforce.

"When you work in business you work in the community," he says. "Therefore anything that we can do to help to improve the situation in the community we want to do. That has always been our thinking." The compact takes training to the grass-roots level at the companies' doorsteps. "There has to be a lot of sense in getting local people into local jobs," says Mr Farrow.

However, Mr Freddie Jarvis, director of the compact who has been seconded from Whitbread, has not found this benign attitude to be widespread. In particular, the reaction from City institutions has, with a few exceptions, been complacent and disappointing.

Part of the reason, he believes, is the sorry image of the UK education system. "All that companies have heard about schools, especially in the East End of London, is very bad," he says.

Labour policy drive challenged by Benn

BY JOHN HUNT

MR TONY BENN, the leading Labour left-winger, last night challenged the campaign to revise Labour policy which is being led by party moderates in the wake of the general election.

At a Labour Home Policy Committee meeting held to discuss proposals for a significant policy shake-up, he warned that the party was in danger of fatally damaging its credibility and electoral chances if it abandoned its fundamental socialist beliefs.

He set out a four-page policy statement, much of it embraced by the hard left, which he asked the National Executive Committee to publish for debate at the party conference in two weeks so that it could be adopted next year.

This contrasted to the sweeping proposals for revision put to the committee by Mr Tom Sawyer, its chairman and deputy general secretary of the National Union of Public Employees, and Mr Geoff Bish, Labour's director of policy.

Mr Sawyer called for the setting up of a series of small-committees to review policy and report back to the party's National Executive next year. They would consider why Labour lost support among skilled workers and other sections of the electorate and propose "new approaches to enterprise and wealth creation."

There would be public meetings to discover why Labour failed to attract a wider spectrum of voters. The proposals have the backing of Mr Neil Kinnock, the party leader, and Mr Bryan Gould, who was campaign co-ordinator during the general election.

Mr Benn's submission reflects the hard left's fears that the review will cause a watering down of policy to make it more attractive to middle class voters.

It declares: "There is a real risk that if we are seen to be abandoning our faith in the search for media approval we could come to be seen as a purely opportunistic party that is prepared to say anything to get into office and is ready to sacrifice good policies when the opinion polls swing against us."

Mr Benn denied that he was putting it forward as a rival paper and said it should not be seen as the first "punch-up" before the party conference. Nevertheless, a similar document setting out his views had been circulated to constituency Labour parties.

He argues that unless Labour challenges Thatcherism "we could remain on the margins of politics for a long time to come."

His statement of policy calls for a return to full employment by adopting common ownership of the commanding heights of the economy including banks and finance houses, the land and all companies "which dominate our industrial system."

It seeks the development of new forms of social ownership and a tax system "which will radically reduce the present gross inequalities of wealth and income." It wants the abolition of the House of Lords, an end to nuclear weapons and bases in Britain, and phasing out of civil nuclear power.

King in talks with Ulster unionist leaders

By Our Belfast Correspondent

MR TOM KING, Northern Ireland Secretary, had his first meeting in 18 months with unionist leaders yesterday, fuelling speculation that the current round of "talks about talks" on the Anglo-Irish Agreement will reach a conclusion soon.

Mr King's unexpected presence at the session between senior civil servants and Mr James Molyneaux and the Rev Ian Paisley, leaders of the Official Unionist Party and the Democratic Unionist Party, was at the suggestion of government officials.

It was the first time the two leaders had spoken directly to Mr King since they broke off talks with the Government in February 1986. Although this was something of a breakthrough, there was no indication of any meeting of minds over the future of the agreements between London and Dublin.

The meeting was the fourth in a series which had so far involved only civil servants. A government statement said the meeting had continued with exploratory talks. It said the purpose of these meetings had been to clarify the circumstances in which talks about talks might develop into wider-ranging politial negotiations.

"Officials reporting on these exchanges to the Secretary of State recommended that he should meet the leaders to hear their views directly. The Secretary of State accordingly joined today's meeting for that purpose. Another meeting is expected in October," the statement said.

Mr Paisley and Mr Molyneaux have emphasised that the purpose of contact with the Government is to see if it is worthwhile starting negotiations on an alternative to the Anglo-Irish pact.

Nothing which has emerged so far from the discussions suggests that the Government's commitment to the agreement has altered. Next month's meeting may therefore be the last before both sides have to decide whether there is any point in holding formal talks.

Mr King has said his door is always open to the unionists but without an indication of a substantial possibility of the Government's position changing they may be forced to tell their parties that progress cannot be achieved.

● Mr Brian Mawhinney, a junior Northern Ireland minister, yesterday announced an initiative to improve community relations in the province, writes John Hunt.

An additional £250,000 will be made available to fund community relations programmes aimed at those aged under 19. Of this, £200,000 is being set aside to promote cross-community contact between young Roman Catholics and Protestants.

DAF to boost truck output substantially

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DAF, the Netherlands company in which the state-owned Rover group has a 40 per cent shareholding, is to lift production substantially at its truck plant in Leyland, Lancs, for the second time this year, Mr Aart van der Padt, chairman, revealed yesterday.

He also announced that the new, merged dealer network, which became necessary following the April acquisition of Leyland Trucks by Daf, in which the Netherlands Government has an indirect stake, is mainly in place and 51 of the envisaged 57 dealers have been appointed.

Mr van der Padt pointed out during a visit to Leyland Daf's new £8m marketing headquarters at Thame, Oxon, that the UK subsidiary had already secured "a dominant position at the top of the hard-fought truck market, and although there may be occasional monthly fluctuations, we will stay at the top in the future."

Better-than-expected sales in the UK and in continental markets, where special versions of the Leyland Roadrunner light truck are sold through Daf's 500-strong dealer network, is forcing the company to raise output to 56 trucks a day. This follows an increase in April, when production was 41 trucks a day.

Of the 51 Leyland Daf dealers appointed so far, 15 were among the 22 previously distributing Daf trucks and the rest bought in from the 56-strong Leyland network.

Mr Roger Phillips, managing director of the Leyland Daf marketing organisation, said each dealer would cover the whole product range, from 2.8-tonne Freight Rover vans to 150 tonne trucks.

Mr Phillips said that, while in the short term there would be virtually no change in the present Leyland and Daf products, "our long-term objective will be to have a single, homogeneous truck product line - one range that will be developed over the coming years."

Mr van der Padt, attending the UK launch of Daf's top-of-the-range, 95-series trucks, said: "Leyland Daf is profitable, has a firm grasp on the British truck market, and demand for our products in the UK is growing at a very healthy rate."

He confirmed that Daf was looking for a partner to collaborate with the replacement of Freight Rover's Sherpa van range. Daf is to spend a sizeable proportion of the £15m it plans to invest in the UK in the next five years on developing a replacement for the vans.

Samsung in components sales drive

By David Thomas

SAMSUNG, South Korea's biggest manufacturing conglomerate, is planning to boost its sales of electronic components in the UK and may be considering a European semiconductor assembly plant.

The company yesterday formed Samsung Electronic Components UK with the intention of more than tripling its components sales by 1990.

Sales this year by the components division are likely to be about £28m. It is budgeting for £42m sales next year and planning for more than £100m sales in 1990.

The main products sold by the division are semiconductors, particularly memory chips, cathode ray tubes for the television industry, videotapes and computer monitors and peripherals.

Samsung intends to increase sales of all these products and also to enlarge its product range. It plans to start selling logic and linear semiconductors in the UK and may also sell the next generation of 1 megabit memory chips which are shortly going into high-volume production in Korea.

Next month it will market its personal computers under its own name. So far they have been sold under other brand names.

Mr Hun Kim, Samsung managing director for Europe, said the company was recruiting specialists to make these plans possible.

The company intends to make a similar push in other European markets, such as West Germany and France. It is also considering whether to build a semiconductor assembly plant in Europe. A final decision will probably be made late next year depending on how its European sales develop.

The company is considering a number of locations for the plant, including Scotland, near Munich in West Germany and Ireland, where it is building a videotape plant. Last year, Samsung announced plans to build a consumer electronics plant at Billingham, Teesside.

It says its UK sales of consumer electronics goods will be about £40m this year.

Donaldson urges court expansion

BY HAZEL DUFFY

SIR JOHN DONALDSON, Master of the Rolls, said yesterday that the Government should sanction the expansion of the Commercial Court to speed up proceedings and increase overseas earnings.

Sir John was opening the International Bar Association's section on business law conference in London. He said the court was suffering from its own success. With too many disputes chasing too few judges unacceptable delays were occurring.

He called on the Government and parliament to overcome Treasury objections to the provision of more judges and courtrooms, so the court could again become "the fastest court in the West."

Increasingly, the court, where panels of judges settle disputes in business without resort to a jury, is being used to settle disputes from all over the world. Sir John quoted a recent survey which showed 55 per cent of plaintiffs and 45 per cent of defendants came from abroad. In 28 per cent of cases there was no British party.

On another subject close to lawyers' current concerns, Sir John said he expected the arrival of multi-disciplinary professional partnerships - between, for instance, lawyers and accountants - so long as business lawyers could maintain professional standards.

Last week the Law Society published a preliminary analysis of its questionnaire on such partnerships. Of respondents, 59 per cent were in favour. Accountants, surveyors and barristers were the most favoured potential partners.

Lorry weight limit to remain

Financial Times Reporter

A CAMPAIGN to allow heavier lorries on Britain's roads received an unfavourable response yesterday in the wake of recent fatal accidents on motorways.

The Freight Transport Association announced that it wanted the lorry weight limit raised from 38 tonnes to 40 tonnes, in line with the rest of Europe.

However, Mr Paul Channon, Transport Secretary, said at the association's national conference in Stratford-upon-Avon: "I do not foresee any change in the near future to the existing 38-tonne maximum limit. There is some concern among the general public about heavy lorries and I understand that concern."

A great deal of strengthening work would be needed before older bridges could carry heavier lorries, he said.

"After the terrible motorway tragedies (on the M6 and the M4) and without prejudging the cause of any accident, I am sure we all recognise the need for the highest road and vehicle safety standards.

"It is no use manufacturers producing safer vehicles if they are not properly maintained. The burden for high standards of maintenance lies fairly and squarely with vehicle operators," said Mr Channon.

Plans to improve City environment

BY DINA MEDLAND

AN ATTEMPT to improve living and working conditions in the City of London was made yesterday with the launch of proposals by the City of London Environment and Amenity Trust.

These range from a report on the comfort and safety of pedestrians and cyclists to a programme of events, such as street entertainment, to bring more life back to City streets.

Excessive traffic, a dangerous lack of pedestrian crossings, gloomy open spaces, negligible sports and recreation facilities and poor quality redevelopment are among the problems identified by the environmental group.

The trust, formed last year, aims to attract City banks, stockbrokers and other professionals to join the campaign, which needs funds and hopes to find sponsors.

It is critical of the role that the Corporation of London, the City's local authority, plays in shaping the environment of the Square Mile.

The trust was formed in response to the City of London Local Plan, the corporation's policy statement for the next 15 years, which the trust says "promises more of the same old policies."

Big Bang City: An Environmental Manifesto. 1 Balfour Road, London N5 2HB. £3.50.

Kent airport to reopen after facelift

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LYDD AIRPORT, on the Dungeness peninsula in Kent, which has been extensively redeveloped over recent months, opens for business today. Improvements could see it become an important airport for London and south-east England.

The former Silver City Airways used the terminal for ferrying cars by air to and from the Continent during the 1950s and 1960s but the airport has been used less frequently recently.

It was bought last year by Lydd Airport Group for about £2.75m and has been extensively refurbished. It has a terminal capable of handling up to 1.5m passengers a year, with a restaurant, bars, duty-free shopping and customs and immigration facilities.

There is a VIP terminal for executive jets, conference facilities, meetings rooms and car parks.

A second, 2,400 metre runway is due to become operational next year, capable of handling Boeing 747s, DC-10s, A-310 Airbuses and other large aircraft.

The airport is bidding for business and tourist traffic from the Kent catchment area and for business traffic forced to find alternative airports because of congestion at Gatwick.

The Lydd Airport Group includes specialist air industry companies.

FT journalist is appointed BBC news chief

Financial Times Reporter

MR IAN HARGREAVES, assistant editor in charge of features at the Financial Times, has been appointed managing editor of BBC news and current affairs.

He will be responsible for network journalists and editorial staff in the newly created news and current affairs directorate at the corporation.

The directorate, under Mr John Birt, deputy director-general, will bring together all BBC journalism, both for radio and television.

Mr Hargreaves, who has been a Financial Times journalist for 11 years, will also be responsible for setting up four specialist units dealing with politics, social affairs, foreign affairs and finance.

Men and Matters, Page 20

THE ARTS

London Galleries/William Packer

Putting potters in their proper place

Alison Britton, whose latest work is now being shown by Contemporary Applied Art, 43 Earlham St, Covent Garden, WC2 (until October 10), is now at 39 well established as one of the leading British artists of her generation. Or she should be, for since first she emerged from the Ceramics School of the Royal College of Art some 14 years ago, in terms of technique, invention and sustained personal development her work has set her alongside the most talented of her contemporaries, whatever their discipline might be.

But the tag "Ceramics School" gives the game away, for she is neither painter nor sculptor but a mere potter. How maddening it is that we still feel constrained to explain why any potter should have a claim to stand in conventionally more elevated company. We have fewer qualms with craftsmen of past or exotic cultures—the V & A and the *British Museum* are *stuffed* with their masterpieces—and slowly the point is getting home. At last, in her vigorous *old age, Lucie Rie enjoys* the celebrity and success that her work always deserved. Occasionally an enlightened company *turns to individual craftsmen* rather than to the industrial catalogue when the time comes to refit. And the mere *existence of the Crafts Council* in these philistine times, inadequate though its resources are, is an encouragement.

But we must not now delude ourselves. Far too many intelligent people remain fixed with the idea that potting, and with it weaving, smithing of all kinds, jewellery and furniture making etcetera, are the stuff of evening classes, occupational therapy of a higher, worthy and accessible sort. The truth is as simple as it is mundane. The artist, of whatever sort, simply chooses the means and materials that best serve his vision, no more no less: one may choose paint and canvas, another stone and chisels, yet another fired clay and mineral glazes, the argument remains.

Miss Britton leads her profession and is now able to ask what, in the higher hundreds, some might think a hefty price for her magnificent and undoubtedly sculptural pots and jugs. But as much is now the modest commonplace for the young sculptor's maquettes at his diploma show.

The hoary old chestnut of usefulness and function bedevills the question, but the potter must begin with the principle of containment and the idea *of the vessel. These* things of Miss Britton's are all manifestly vessels that can be used or not, which she leaves *entirely at any buyer's* discretion. But whether or not they were ever filled with water or pot-pourri, I suspect *she would be truly disappointed* to learn they had never been handled to test their weight, and feel, and curious balance, since this *direct physical enjoyment* is part of the natural appreciation of all sculpture. Just as the sculptor may contrive a machine that need never be started, so the potter is entirely free to make a jug that will never pour.

Miss Britton's pots are not thrown but built slab by slab, the clay bent and folded into shape and place, now convex, *now concave, enclosing space* almost like some rampart or citadel, a curtain wall giving on to the central enclosures and *structures. Often standing some 18 in* or 2 feet high, they are substantial and possessed of a strong physical presence. They are not objects that are figurative or referential in any direct sense, but Miss Britton does accept that her formal vocabulary has always drawn upon architecture; and it is worth remembering that the modelling of architecture in clay goes back far into the ancient ceramic traditions of many cultures, most notably the Egyptian and the Chinese.

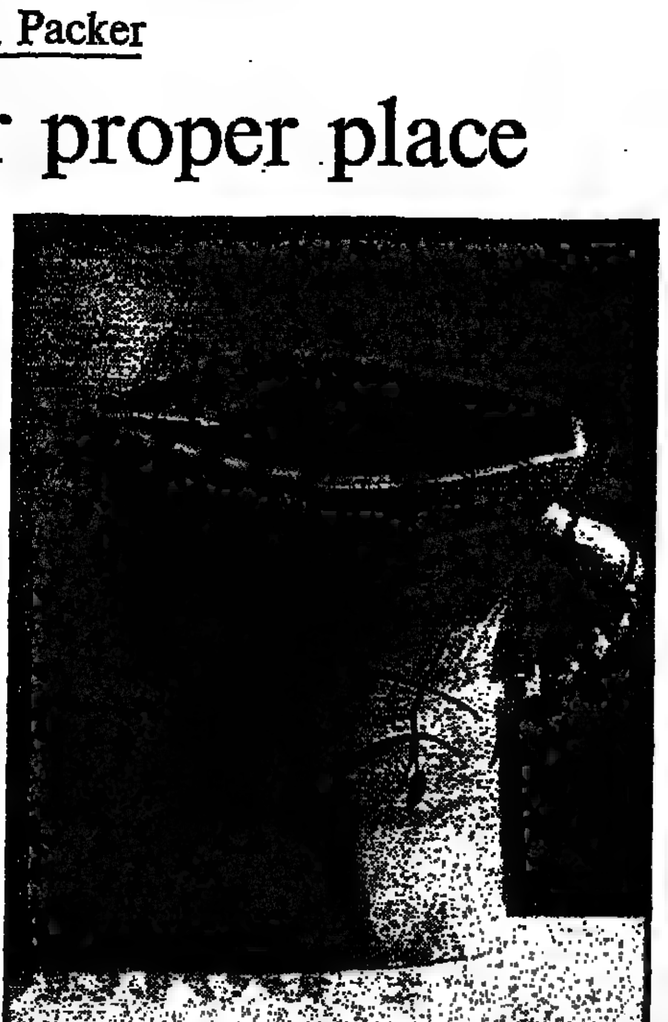
In the past the decoration she applied to the fired surface was figurative, and reflected closely a particular interest in ancient Egypt. But lately she has adopted a non-figurative and expressionist approach to the treatment of the fired clay, to achieve a richness and liveliness on the surface equal to the vigour of her three-dimensional invention. This most recent work of all sees no lessening of that essential liveliness, but only its cooler, subtler expression. More is now left unstated, the glazing left after the earlier firing when before there were repeated glazings to build up the surface. And the colour range is now more reticent, blues, greys, creams and whites. She is, she says, more relaxed about it all than she was before—the mark we might say of the mature artist.

★

A further group of Alison Britton's recent pots is included in the current exhibition at the Serpentine Gallery in Kensington Gardens W.2 (until October 11). *Vessel* has been selected by Anthony Stokes, who takes as his general theme the principle of holding and containment as variously expressed in the work of artists and craftsmen. Like the curate's egg, it is *excellent in parts*, but should have been more rigorously exclusive in its preparation. But there are some lovely and fascinating *things in it* which, by the very nature of the work and their makers' particular pre-occupations, seriously *address and challenge* the theme.

It hardly matters whether any one piece should come from the *contingent of fine craftsmen*, that includes not only Alison Britton but Lucie Rie, David Garland, Stephen Newell and Janice Tchalenko, or from the fine artists. Either way the argument already proposed makes itself felt and all such work sits happily together. One or two of the sculptors in particular, who have long concerned themselves unselfconsciously with the image of the vessel as essential to their work, have produced marvellous things—notably Alison Wilding, whose contribution sits discreetly behind that of Alison Britton, Richard Wentworth and Joel Fisher. And Stephanie Bergman, who has always explored in her work the debatable land between fine art and craft, is delicately outstanding with, among several other things, her row of small particoloured boats on their little stand—just waiting for the boat boy to choose amongst them for the procession.

But too many *things* have been included that are merely silly, by artists whose serious justification lies altogether elsewhere. *To ask John Hoyland, for* example, and Adrian Wiszniewski simply to furnish the surface decoration of given ceramic *shapes* has *only* produced examples of their conventional imagery that have little to do with the idea of the vessel, and would be *far better flat*. And Barry Flanagan, who shows in one room a hare peering into a pot that is as engaging as it is apropos, *elsewhere deceives* himself ludicrously in the belief that, being an artist, all he has to do is doodle the clay into shape to produce the significant, definitive pot.



"Big White Jug," by Alison Britton

Winterhalter exhibition

The National Portrait Gallery's winter exhibition will be devoted to Franz Xavier Winterhalter (1805-73) with over 90 paintings, drawings and prints covering his entire career.

The exhibition — *F. X. Winterhalter and the Courts of Europe 1830-70* — opens on October 28 until January 20, *after which it moves to Paris.*

Alan Harper

Art in the City, a collection of paintings and sculpture by contemporary artists, opened last night at the Lloyds building in the City of London. It is sponsored by the Financial Times and Land Investors and aims to encourage City institutions to decorate their offices with challenging, but diverse, modern art. The artists were selected by a distinguished panel, headed by Roger de Grey, president of the Royal Academy. On September 23, from 6.15 *in the evening, there will be a* private view for FT readers

Dr Faustus/Cheltenham

B. A. Young

This *Faustus* is a co-production between the Everyman, Cheltenham, and the Oxford Stage Company, a very convenient coupling, although the show is only going to Taunton, Bracknell, Cambridge and Poole.

Doubling as Chorus, Wagner gives the opening speech downstage under a spot, and as he ends, a dim light reveals Faustus at his desk in an inner stage, and this is where most of the serious action occurs. With his scarlet robe against the buff panels of his study, Faustus makes a telling picture as he considers, and rejects, all his previous disciplines and opts for magic. At either side of his chamber, a good and an evil angel are lying in wait for him.

James Harwick's Faustus speaks the verse beautifully, ages convincingly throughout the 24 years of his diabolic contract, and gives a true picture of a man whose ambitions outrun his taste. This is the weakness in Marlowe's play. It begins splendidly; it ends superbly; but the uses to which Faustus puts the abilities Mephistophelis has given him are trivial. The learned doctor is no better than his man Wagner or Robin the ostler. The *fooleries* in the Pope's privy chamber, the humiliation of the Emperor's Knight, the cheating of the hourse-courier, even the summoning of Helen of Troy, these are not proper matters for someone who has already dismissed philosophy, law, medicine and divinity as beneath his attention.

Yet however foolish, they command exquisite verse, and comedy as good as comedy was at that time. (The text used is the A Version of 1604, pretty full except, unforgivably, for the omission of the final Chorus, "Cut is the branch.") Richard Williams' direction emphasises the beauties rathe than the entertainments; scenes like the Seven Deadly Sins are played on the forestage in such subdued lighting as to obscure a lot of detail. Nadine Bayliss is the designer, Raymond Cross is in charge of lighting and sound, which includes much background music by Joanna MacGregor.

Bernard Bresslaw is the tall, bald Mephistophelis, adept at infusing the hidden comedy and menace in his lines. Michael Lumsden is a handsome and musical Chorus; Charles Bartholomew and David Hawkins, as Robin and Ralph (mispronounced to rhyme with Alf), show amusingly how much harm magic can do to uneducated youth, like television. Eliza McClelland demonstrates versatility as Good *Angel, Lechery* and *Helen* of Troy.

Electric Weekend/Elizabeth Hall

David Murray

After the terrific Thamesday fireworks on Saturday *evening*, the third "Electric Weekend" concert on the South Bank responded in kind with Stock*hausen's Gesang der Jünglinge*, still — after 30 years — reckoned among the most potent music conceived for electronics. It is also among the few such pieces of substantial length that compel the attention of a live audience with nothing to look at but the loudspeakers (which were illuminated in the darkened hall, another instance of the new South Bank flair).

Though the technology available to Stockhausen in the late 50s was modest by current standards, the expressive results he achieved—starting from mere sine-tones and a prerecorded boy treble—in this vision of the youths who praised God in the fiery furnace remain gripping. Devotees have treasured the piece these many years in domestic 2-track stereo, but it deserves at least the 4-track version: the juxtapositions of boy voices (elec*tronically multiplied*), *pyro*technical bursts and measured inhuman chant are profoundly effective in full accoustic depth. *One remarked yet again how* cleverly and unashamedly Stockhausen deploys the innocent raw treble against towering sound-constructions.

Tristan Murail's recent *Désintégrations* was by the composer's own testimony more concerned with integrating live instrumental playing with electronic transformations. I thought it technically successful in that respect—the heard sounds blended on-the-spot instruments and their predesigned echoes fairly seamlessly—but musically thin and fey: too many sequences of chiming chords with electronic auras, and too little argumentative muscle for 22 minutes.

Michael Torke's *Vanada*, which I found exhilarating first time round a few months ago, didn't disappoint on a second hearing. This performance, by the London Sinfonietta under Artur Tamayo (like the Murail piece), had the odd slip in ensemble but still more forceful attack. The argument was ex*citingly taut, the rock-feeling* hammered home, and Torke's elevated, almost Mahlerian middle-section had a brilliant *sheen. Among trendy young* composers he represents real value, and the Huddersfield Festival is rightly offering him *a showcase* in November.

★

The South Bank Summerscope's "Electric *Weekend*" drew to a close on Sunday with another six-and-a-half hour marathon of concerts. There were some decent *things in this* final programme, and some dull things, but no revelations. Britain has refused for so *many years to allocate* meaningful resources to artistic (and in particular to musical) experiment that we now lag far *behind most of the rest of the* developed world in the facilities we offer to our inventors and composers.

Far more *important*, therefore, than the actual quality of the work on display was the commitment implicit in the venture—*the words from the new* South Bank Board at the front of our programme-book had more exciting resonance than *anything we heard through the* loudspeakers on stage: "The Weekend also looks forward to the possibility that within three *weeks there may be a National* Studio for Electro-acoustic music on the South Bank, with more continual opportunities for composers and musicians to work closely with electronic resources, and for South Bank audiences to keep up to date with developments in a field where this country has some of the world's most gifted artists, but not—as yet— the facilities they need."

Brave words: only time will tell if the Board's enthusiasm can ever be matched by the support, from whatever sources, of hard cash. Meanwhile, British work in the electronic field is largely confined to exploiting the fairly old-fashioned combination (though by no means without fascinating potential) of live performance with synthesised sounds on tape. Neither of the two pieces which opened Sunday's three-concert, five-part marathon made any serious new proposals — although Jonty Harrison's *Monodies* for bass clarinet and multiple tape-delay system exploited a very basic technique with spirit and imagination, and the Dutch clarinettist Harry Sparnaay's performance of the music demonstrated all of his familiar virtuosity. *ABC* for a larger ensemble and tape by the late (and much lamented) Barry Anderson was an odd, convoluted essay, technically interesting, but musically opaque, and at nearly half an hour far too long.

The principal virtue of the second concert of pieces for tape alone, or tape with a solo instrument, was that none lasted very long. Best of the disappointing bunch was probably John Lunn's tiny *Echoes* for piano and tape, mysterious and rather striking for its very transparency and economy; and Scott Wyatt's *Trans* for 4-channel tape, which proposed some nice, and for once not too maddeningly complex, rhythmic ambiguities.

The late evening programme was only half "electronic" — Brain Ferneyhough's *Time and Motion Study III*, for 16 amplified voices, and scored with predictably manic complexity, sounded in performance much like any other standard "experimental" cough-hiss-and-whistle essay in extended vocal techniques; and Trevor Wishart's exuberant *Vox III*, an excellent piece which deserves a substantial place in the repertory, as well as James Wood's intriguing but overlong *Usas*, were both composed for the four amplified voices of Electric Phoenix. For the rest, decent enough but unsurprising, Javier Alvarez's *Papalati* for piano and tape could alone really be said to speak with an original voice: nothing deep, but strong and unmistakable, a vivid Mexican celebration, spun off with splendid bravura by Philip Mead.

Dominic Gill

Beethoven's Ninth/Albert Hall

Andrew Clements

The Vienna Philharmonic's visit to the Proms fell during the last week of the season, and the chance of that orchestra, conducted by Claudio Abbado, giving the performance of Beethoven's Ninth Symphony that tradition decrees on the penultimate evening was obviously too good to pass up. It offered the prospect of another memorable occasion of the kind with which this series of concerts has been well endowed in 1987. On Friday, however, all did not gel as might have been expected.

To precede the symphony, the *Vienna Wind Soloists* (the orchestra's wind section in another guise) had offered Mozart's E flat Serenade K.375: *an ear-cleansing, direct account*, vividly pointed and imprinted with the pungent woodwind tone that is one persistent hall*mark of the VPO itself*. But it was pungency and attack that the first two movements at least of the Ninth precisely lacked. *Memories of* the sadly unconvincing recording of the work that Abbado and the Vienna Philharmonic released two *months ago* were uncomfortably stirred.

Abbado prepares his interpretations so thoroughly, absorbs works into his repertory with such measured care, that the almost nervous hesitancy with which the *symphony was launched seemed* quite uncharacteristic. The dimension of epic tragedy that transfixes the first movement was all but absent. The lithe explosiveness of the scherzo was too rigidly confined. In these movements also the Vienna's playing seemed cowed rather than naturally expressive, and only in the Adagio did the performance begin to resuscitate itself. Then the wind solos acquired a new confidence, the string lines began to plumb a genuine depth of expression and the movement's main climax finally found the blazing conviction with which the finale could then properly be propelled.

The operatic juxtapositions of that movement predictably found a resonance in Abbado's sense of theatre, though his quartet of soloists (Karita Mattila, Alfreda Hodgson, Jerry Hadley and Robert Holl, the chorus was the London Symphony's) was sometimes unevenly matched. Some aspects remained uneasy, and the almost histrionic fervour with which the final bars were pressed suggested a belated attempt to exert authority upon a view of the symphony that lacked a true centre of gravity. In the context of the Proms, performances of the Ninth can hardly fail, and this was greeted with the predictable ovation. But given the pedigree of the executants it hardly seemed to reach a satisfying standard of consistency.

The Genius of Haydn

Andrew Clements

The celebration of Haydn as the first great master of the string quartet occupies the Wigmore Hall until the 20th of this month. The programme is intensive, with lunchtime and evening concerts on most days as well as a sprinkling of lectures and readings. Though a variety of groups is involved the Lindsay Quartet is at the centre of the festival. Its leader, Peter Cropper, is the artistic *director*, and it was the Lindsay that launched the series on Saturday, with a programme spanning the *full* historical space of Haydn's achievement in the medium.

It was an auspicious and rewarding beginning. The approach of the series is designed to be informal, and reverential awe is clearly going to be proscribed. For this first concert Cropper introduced each work from the platform with well judged, pertinent comments which caught the balance between keen interpretative scholarship and an enthusiast's admiration with much adroitness.

If the standard of performance is similarly maintained, then chamber-music devotees are promised a feast: the Lindsay's handling of all four works in their programme was unforced and utterly natural. Examples from Op. 20 and Op. 33 occupied the first half, Op. 50 and Op. 76 the second. If the less spacious yet less concentrated earlier works received relaxed accounts — the slow movement of Op. 20 No. 1 in E flat, with its prefigurings of Beethoven's Op. 135, was sustained in serene, broad phrases, the hushed, almost ghostly minuet of Op. 33 No. 3 inhabited a world of half shades and muted colours

The Lindsay's intonation is not always faultless (moments of extremis bring a tendency to sharpness) but there was little that seemed fallible in their musical approach.

BBC Singers/Knightsbridge

Richard Fairman

For those of us coming hot foot from Mahler and Bernstein at the Albert Hall, the late night Prom on Thursday at St Paul's Knightsbridge offered an immediate chance to cleanse the palette with a *bright, if* sometimes abrasive, tonic of English music from the Renaissance and the present day.

The new work, and the most substantial item on the programme, was the first performance of Robert Saxton's *I Will Awake the Dawn*. This was a BBC commission and, like so many pieces recently produced for unaccompanied choir, it was written with the BBC Singers (ace sight-readers all) in mind. This group under their conductor John Poole, is rapidly building up a stock of new music whose fearsome technical difficulties will be a legacy to all who follow them.

This latest Saxton piece is no exception. Written for *a cappella* double chorus, it clearly involves considerable problems of pitching and ensemble between the two choirs, especially in its second section where the words "Let the people praise thee, O God" from *Psalm 66* bring forth a multitude of voices crying out with overlapping phrases of great complexity. In passages like this the music is simply confusing and risks alienating the first-time listener.

The strength of the score, however, lies in its overall design. In Saxton's words the piece *moves "from a state of* despair to one of hope and light" and it is this progression that registers most powerfully, from the mournful opening, with its chord for basses welling up from a low A, to the breakthrough of a brilliant D major for full choir at the end. Whatever the weaknesses of its constituent parts, the work undeniably makes sense as a whole.

Arts Guide

September 11–17

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi *Dench and Anthony Hopkins as* battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the *NT is Michael Gambon* giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet *Stevenson in a fine revival of* Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers *force and more friends as it continues* in the repertoire (928 2252).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally *nutritional new musical* by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

The Balcony (Barbican): Sadly dated and heavy-handed *opening* to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes. (628 8795).

Follies (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque re-union in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Melon (Haymarket): Alan Bates predictably good in new Simon Gray, clumsily directed by Christopher Morahan, about a jealous publisher viewed in flashback from a psychiatric ward after a breakdown. Menopausal mutterings, not vintage Gray. (930 9832).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: *how* the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production *is led majestically* by Michael Gambon. Best of the NT rest remains King Lear and Antony and Cleopatra in the Olivier, A View From the Bridge *in the Cottesloe*. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

Three Men on a Horse (Vaudeville): George Abbott's sprightly gambling comedy has transferred from the National. *Geoffrey Hutchings* in the lead now joined by Toyah Wilcox (836 9987).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from an *astounding* 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and *training*. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking *Theatre* of Amsterdam in Barrie Keeffe's trilogy Barbarians directed by David Swatling (all week except Sun and Mon). (242311).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221–1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the *original* film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin): Those who saw the *original at* the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre *but do get good exercise in* the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop *music* and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis): Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters; but it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

WASHINGTON

Cabaret (Opera House): Hal Prince again directs Joel Grey as the seductive master of ceremonies in a Broadway-bound revival of the evocative musical of Berlin life in the 1930s. Ends Oct. 3. Kennedy Center (254 3770).

Opera and Ballet

NEW YORK

New York City Opera: The week features Tosca, with Elizabeth Holleque in the title role conducted by Alessandro Siciliani in Frank Corso's production, along with La Traviata and La Bohème. Lincoln Center (870 5570).

Trisha Brown Company (City Center): Carmen, in a collaboration with Lina Wertmüller, and American premiere of Newark in collaboration with Donald Judd are featured in the mixed programme of contemporary dance. 55th e. of 7th Av. (581 7907).

TOKYO

Antonio Gades Dance Troupe: Blood Wedding, Flamenco Suite, Carmen. Shinjuku *Bunka Center* (Thur). (235 1661).

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Capitalism, thinly spread

THE PROMOTION of private share ownership has always been a fundamental plank of Tory philosophy, even if it played second fiddle, in the early years of Mrs Thatcher's tenure in Downing Street, to home ownership. Now, following the acceleration in the Government's privatisation programme, it appears to be creeping up the list of political priorities. The question is how far the idea of popular capitalism has taken root in the British electorate and how much further it can be expected to go.

Last week Mr Nigel Lawson, the Chancellor, argued that the long-standing decline in the number of individual shareholders had been reversed and that the tide of wider share ownership had turned. Certainly the bare figures appear to support his point: since the Conservatives returned to power in 1979 the number of shareholders in Britain has trebled to nearly nine million. Mr Lawson went on to claim that the growing overlap between trade union membership and individual share ownership amounted to a major cultural change — an assertion to which the TUC added a certain piquancy last week by passing a motion recognising the need to take into account the growth in individual and employee share ownership.

Wealth creation

The wider claim almost certainly errs on the side of optimism. A report published last month by the Institute for Fiscal Studies produced evidence that 59 per cent of all shareholders owned only one share and that a mere 18 per cent held more than four shares in their portfolio. To the extent that employee share ownership schemes help explain why people choose to put a solitary egg in a single basket, Mr Lawson can take modest satisfaction; a closer sense of identification with wealth creation is what popular capitalism is supposed to be about. But the inadequate spread of investments that the great majority of individuals now enjoy also reflects the way in which the promotion of individual share ownership has been too much a by-product of the privatisation programme to produce balanced results.

Indeed, privatisation has given a very misleading impression of the risks and rewards in stock market investment. Since the flotation of British Telecom many small shareholders have come to expect instant profits on new issues. To judge by the steady decline in the number of individual shareholders on the British Telecom share register, among others, many have been taking those profits instead of acquiring a deeper sense of involvement in the British economy. And it remains to be seen how the rest respond to a downturn in the market, or what political price the Government pays as the losses accumulate.

Rising commissions

Where Mr Lawson has been prepared to tap the taxpayer's pocket to provide a more direct inducement for share ownership, he has enjoyed only mixed success. So far Personal Equity Plans have attracted fewer than 200,000 investors. Many are rich individuals who own shares already and for whom the tax relief is simply a subsidy for doing what they would have done anyway. And in view of the figures it can scarcely be argued that PEPs have done much to bring about the deepening of share ownership that Mr Lawson is anxious to see.

Nor is the Stock Exchange providing a particularly benign environment for the individual share owner. In the period before Big Bang it combined calls for popular capitalism with rising commissions on small transactions. Now some member firms are increasing commissions for private individuals in response to their back office problems. The hard fact is that private investors' business is more costly for the brokers. As long as that is the case the City's response to calls for popular capitalism will be lukewarm.

The real key to turning the tide in favour of popular capitalism lies in the tax system. The fact that private individuals invested a record £19.3bn in life assurance and pension funds last year is eloquent testimony of that. Unless Mr Lawson is prepared to put private investment fiscally on a par with pension fund investment, which is logical but expensive, or to scrap pension fund relief, which is politically difficult, his version of popular capitalism will inevitably look like a cut-price dash for the history books. As yet, the policy lacks coherence.

Slow adjustment for US trade

WHEN Mr James Baker, the US Treasury Secretary, met his Brazilian counterpart last week, he will have found that they share the thankless task of managing the aftermath of what used to be called Latin American populism. Both countries preferred borrowing abroad to increased taxes or lower expenditures. Moreover, both countries find complaints about their creditors far more attractive than tackling their own problems. Indeed, in the case of the US the focus of current political pressure is the desire to introduce protectionist remedies for a trade imbalance that is the natural consequence of the Government's desire to borrow.

The striking difference, however, is the stage of adjustment. While Brazil is already generating trade surpluses, the US has not even managed to stabilise its trade deficit.

The slow progress in this direction has been underlined by the figures for July released last week, showing a trade deficit of $16.5bn. While monthly figures should never be taken too seriously, the trade deficit in the first seven months of 1987 was not only just under $100bn, but was even a little bigger than the corresponding figure for 1986. It is perhaps indicative of the widespread pessimism that the response to these numbers was to mark the dollar up.

Desired changes

This does not mean that the depreciation of the dollar has had no effect. In the first half of 1987 the volume of exports rose nearly 12 per cent over the corresponding level in the previous year, while the volume of imports rose by 6 per cent. This did nothing to reduce the trade deficit, however, for two reasons: firstly, merchandise exports have been running at only about 60 per cent of merchandise imports, which means that exports have to grow about twice as fast as imports merely to keep the deficit constant; secondly, there has been a deterioration in the US terms of trade from a peak in the middle of 1986, though this decline has been quite modest.

Whatever the problems in the US, the adjustment process is working in Japan. In August the Japanese trade surplus was down to $5.15bn, 31 per cent lower than the corresponding figure for last year and there seems to be a declining trend. The volumes of exports and imports are also moving in the right direction, but it appears that other countries are generating increased surpluses as those of Japan decline.

Despite these desired changes in Japan, therefore, the prognosis for the US is, first, stabilisation and then modest improvements in the trade deficit. Is this a tolerable outlook for the US or the world as a whole?

Sluggish growth

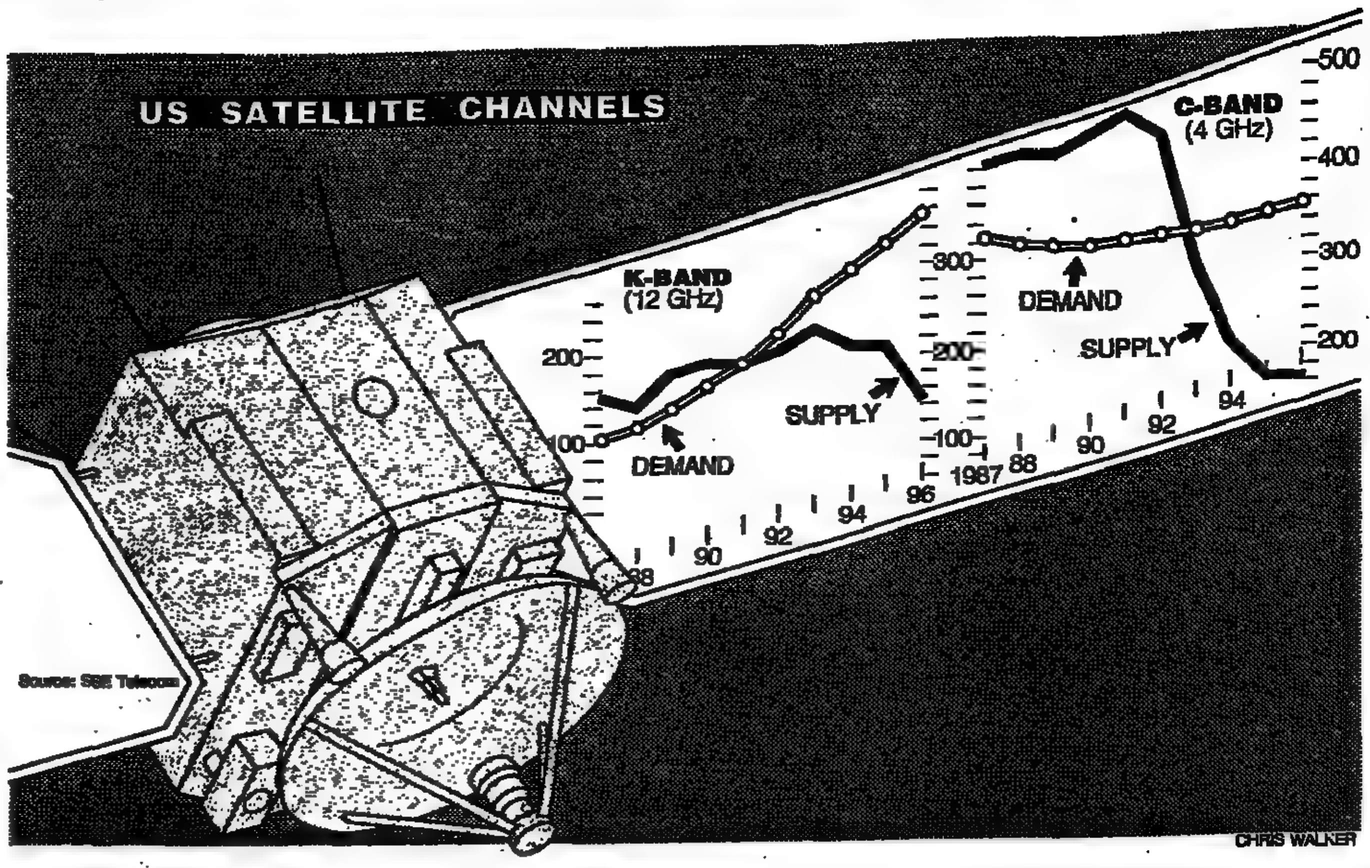
Failing still tighter monetary policy in the US, further declines in the dollar would not be surprising. Such depreciation would, however, probably be more the price of attracting the required private financing of the external deficit than a means of ending the deficit. Exchange rate adjustments reduce external deficits largely by imposing an unanticipated inflation tax, clearly an undesirable development. Other ways of changing the balance between domestic output and expenditure in the US look either highly unlikely (in the case of fiscal tightening) or damaging (in the case of a tighter monetary policy). Thus, an adjustment process triggered by higher interest rates that bore entirely on private expenditure, especially investment, and had the by-product of dramatically impairing the position of developing country debtors would seem most unwelcome.

At the same time, the still somewhat sluggish growth of Western Europe and Japan suggests that the impact of the speedy disappearance of the American deficit, which is equivalent to some 1½ per cent of the rest of the world's GNP, could be very painful. Indeed, it might merely displace the immediate threat of protectionism from the US to its trading partners.

Despite the evident dangers of a slow adjustment of the present pattern of deficits and surpluses, an effort to unwind more rapidly could create still more problems. A continuation of the US deficit at reduced but still high levels is the worst possible situation for the world economy, except for all the alternatives.

As Ariane prepares for lift-off, Peter Marsh explores the problems of the satellite industry

A bottle-neck to the heavens



Source: SSE Telecom

THIS EVENING, Ariane, Western Europe's space launcher, should lift off from the gloom of a jungle rocket centre in South America on its first mission for almost 16 months. If all goes smoothly, the world satellite industry—centred in the US and covering a wide section of the technological community, from providers of telecommunications services to builders of specialist electronics — will breathe a sigh of relief.

The business, which includes giant household name companies as well as a range of recently formed entrepreneurial concerns, hopes that the Ariane launch will end a nightmarish two years in which launch services have been severely curtailed and growth prospects dampened.

The traumatic period started in January 1986 with the destruction of Challenger, one of the US's space shuttles. The suspension of shuttle launches, together with the US decision (now being reversed) to shut down the production lines for expendable rockets like the Delta, left Ariane as the western world's main launch vehicle. An Ariane accident in May last year, the rocket's fourth in 18 launches, made this position look even more fragile.

Arianespace, a group of European aerospace concerns and banks which operates the rocket, has been extremely cautious in getting its rocket firings back on stream. It says the cause of the delay in today's flight—which had been planned for the beginning of the year—was the need for an inquiry to iron out a technical defect in the rocket's third-stage engine.

The shut-down has meant that instead of the 15-20 commercial satellites, mainly for telecommunications and TV broadcasting, which should have left the ground over the past 20 months, the tally has been just one—an Indonesian satellite launched in March by one of the US's few remaining Deltas.

The effects have forced big US telecommunications companies, such as Western Union, RCA and GTE—together with governments including those of Australia, India and several West European nations — to postpone either the start of new communications networks or the launch of satellites to replace ageing space hardware.

Mr Bill Smith, director of Leslie and Godwin, a leading London-based insurance broker for satellite launches, says that the rocket problems have meant losses of "hundreds of millions of dollars" for the telecommunications companies, mostly US-owned.

As a result of the loss of confidence over launcher availability, there has been a marked slowing of plans by the major telecommunications companies for new satellite systems. This has been partly compensated for by a surge of interest in satellite launches by small, recently formed companies which are attempting to take advantage of the confusion.

In particular, they have exploited a new business in second-hand satellites. Commissioned by the bigger firms when confidence in the industry was high, the downturn has meant that they are surplus to requirements. They are being sold off at bargain prices.

The extent to which these concerns will succeed in taking up the slack in new services is by no means certain; they are subject to the same launcher constraints as the bigger concerns and have, in all but a few cases, yet to finalise the details of their launch schedules. They are driven as much by enthusiasm for novel ventures as by any firm business planning.

The general scarcity of plans for new space systems—particularly in the US, where satellite-based services for telecommunications and TV transmission add up to a business worth about $5bn a year—has led some onlookers to predict a severe shortage of satellite channels in the 1990s.

This is despite increasing inroads into the satellite-telecommunications business being made by ground networks of fibre-optic cable, which have a similarly high capacity for carrying telephone and data traffic.

"The (launcher) difficulties have not yet had a real impact on the telecommunications business, but the margins are running out," warns Mr Wilbur Pritchard, president of SSE Telecom, an engineering consultancy in the US state of Maryland. On the basis of satellite programmes so far announced, Mr Pritchard's company believes that by 1996 the US will have only 310 satellite channels available for telecommunications and TV transmission, 400 fewer than required.

The difficulties are all the greater with the newer K-band satellites, which use higher frequencies and can carry more information than the older type C-band satellite.

The situation would be worse but for the large increase in installed satellite capacity in the early 1980s, prior to the run of space accidents. During this period, commercial satellites were entering the heavens at the healthy rate of about 12 a year. And as the illustration shows, supply of satellite channels exceeds demand in the US, despite the launcher difficulties.

Mr Adrian Norman, a telecommunications specialist with Arthur D. Little, the US business consultancy, argues that this apparent paradox is due not only to the fluke that led companies to get their satellites into orbit ahead of rising demand, but also to the better use of existing satellite capacity as a result of improved transmission technologies and the effects of commercial deregulation.

While the mainstream telecommunications industry has been pre-occupied with launcher problems, smaller companies have tried to get into the business, coming up with innovative answers both to satellite purchases and launch planning.

Some of these companies have bought, or are hoping to buy, second-hand satellites initially purchased or ordered by the large telecommunication companies. Modern satellites normally cost $50m-$90m but second-hand they can be bought for as little as $20m.

Leading the pack is Pan American Satellite, based in Connecticut and set up by Mr Rene Anselmo, who amassed a fortune running a chain of television stations. Mr Anselmo is putting up 90 per cent of the $110m his company will need to start a satellite service carrying telecommunications traffic between the US and Europe. Pan American, which plans to launch its satellite early next year on Ariane, bought the vehicle after American Satellite, the company for which RCA was building it, decided it was no longer needed.

A second newcomer is Dominion Video Satellite of Naples, Florida, which wants to buy two bargain-basement satellites from Comsat, another of the established US satellite companies, which had initially intended them for a TV service which never got off the ground. Dominion—which was set up by Mr Robert Johnson, a former business-school dean, and which plans to use its satellites to transmit evangelical TV shows round the clock—has an outline agreement with China to launch the vehicles in 1988 or 1989.

The Chinese link comes as a result of a marketing blitz by Peking in the past couple of years to tempt western companies to use its rockets instead of waiting for European or US launches to restart.

Another satellite, this time belonging to Western Union could soon join the ranks of second-hand vehicles. The craft was supposed to have entered the heavens last year, but is sitting in a warehouse in Los Angeles awaiting a flight—which will be at the end of 1988 at the earliest.

Universal Satellite, a company based in New York led by Mr Henry Schwartz, a satellite entrepreneur, has talked to Western Union about buying the craft for a new telecommunications service, again with the Chinese acting as the launcher agent.

Quite the most remarkable foray into second-hand space hardware was a deal last week which relieved New York-based Pan Am Pacific Satellite of the need either to get a new satellite built, or to launch it. The company, partly owned by the Pan Am airline, agreed to buy from Telesat, Canada's state-owned satellites authority, a telecommunications satellite which has been sitting in orbit, unused, for the past two years. The sum handed over, $65m, was substantially less than it would cost to put a satellite into orbit today—taking into account a standard launch fee of about $45m.

According to Mr Rodney Buckland, a UK space-industry consultant, the pool of second-hand satellites—of which there are at least nine either awaiting or having found a buyer—is proof of "the growing maturity of the space business." He says that the satellites should be compared with second-hand aircraft from mainstream airlines which often help smaller, struggling concerns, sometimes from the Third World, to start up in business.

As for the immediate outlook for the space industry, virtually everything depends on how quickly Arianespace can get its launch operations up and running—they should take place at the rate of about eight a year from 1988. In this context, today's firing takes on crucial importance.

Apart from getting a ride on Ariane, the other launch options for Western companies are much more hazy. They can place orders with the three US concerns which are commercialising the US's Titan, Delta and Atlas-Centaur expendable rockets — Martin Marietta, McDonnell Douglas and General Dynamics—or take out a reservation with the Chinese government. The problem here is that, while China's launch services are still untested, the three US concerns will not be operating at anything like the required capacity until 1989 at the earliest because of the need to restart production lines shut down in the late 1970s.

According to most analysts, the rocket market should have settled down by the early 1990s, with launches of 10-15 commercial satellites a year, half of them on Ariane and the rest split between the three US rockets and the Chinese. This would leave the shuttle fleet (once flights are restarted) reserved for scientific and military missions.

As for the immediate past, not even International Business Machines, the giant computer concern, has been immune from the slump of confidence in the satellite industry. It sold off its satellite subsidiary, Satellite Business Systems, to MCI, a US telecommunications company, 18 months ago.

That left IBM with two unused satellite—now owned by Satellite Transponder Leasing Corporation, a ponderously named IBM subsidiary—sitting on the ground with an uncertain future. The redoubtable Mr Schwartz of Universal Satellite has offered to take the vehicles off IBM's hands, although IBM's response has been muted.

Mr Jim Brown, general manager of Satellite Transponder Leasing, has time to spare a few words for the industry as a whole. Of today's Ariane launch he says: "The space business badly needs a success."

Men and Matters

Bid to clean up the city

Cyclists, pedestrians, joggers, and other endangered species on the City of London's streets may take heart from the launch last night of a campaign to improve environmental conditions within the Square Mile.

The City of London Environment and Amenity Trust (CLEAN) a "charity for the improvement of all aspects of the quality of life in and around the City of London," is trying to attract both funding and moral support from those keen to get away from "the ubiquitous noise and smell of traffic."

The trust was born out of protest against the planning policies of the City corporation, the local authority responsible for the area. It will not, I hasten to say concern itself with the "clean City" policies now also being pursued by so many financial regulatory bodies.

CLEAN accuses the corporation of favouring traffic at the expense of pedestrians, car parks in place of open spaces, and mediocre new developments instead of innovative construction.

The local authority even has a policy, it says, of not providing any public sports facilities in the City.

Just 6,000 people live within the City's boundaries. But the population increases to 300,000, or thereabouts, each working day, and 3m visitors contribute to lunchtime pavement jams every year.

Most City workers use public transport, yet the City's streets remain clogged with traffic — 60 per cent of which is just passing through, says CLEAN.

Those searching for a quiet outdoor corner in which to eat a lunchtime sandwich or rest their aching feet are likely to find there is overcrowding in that market. Open spaces are limited, and where they exist are often "almost unuseable, such as the wind-swept expanses outside the Commercial Union building or Britannic House," to quote CLEAN again. Street markets could bring some of these dull open spaces "back to life," suggests the trust, which would also like to see more open air cafes, flea markets, and concerts.

Volunteers

In another part of the forest, as it were, some City of London workers are trying in a practical way dispel what they see as the City's greedy, grasping public image.

More than 100 have volunteered to give up part of their weekend to work as hospital porters, and to donate the equivalent of a day's salary to charity.

They are taking part in CityCare, a project which aims to introduce the gilded youth of the financial world to a less privileged part of life.

CityCare is the brainchild of Simon Newman who spends his working hours as a director of Fidelity, the fund management group, and his free time as one of the prime movers behind Mainstream, a charity which aims to integrate people with disabilities within the rest of society.

Mainstream will receive half the money raised, the rest will be donated to St. Bartholomew's hospital.

BBC's news

The BBC has gone outside the Corporation's ranks to fill another key senior editorial appointment, and to try to fill a top current affairs post.

Ian Hargreaves, aged 36, features editor of the Financial Times, was approached by John Birt, the BBC's new director general, who himself came recently from London Weekend Television.

Hargreaves is to be the BBC's managing editor, news and current affairs. Which means that, together with Birt, he will be responsible for co-ordinating the work of 700 radio and television journalists—"in short, making better use of them" says one observer of the BBC's inner workings.

Hargreaves, a Cambridge graduate from Lancashire, and a career newspaperman who learned the inky trade as a trainee on Bradford and District newspapers, has worked on the FT for the last 11 years. He is married with two children.

Birt has also offered the editorship of Newsnight, the BBC2 current affairs flagship programme, to John Morrison, features editor of The Independent newspaper.

The offer was made over breakfast at the Savoy yesterday by Birt, who is a great fan of The Independent.

Morrison, who is still considering his position, has had experience in television current affairs. He used to be a programme editor of Channel 4 News.

Birt's moves will do little to improve morale among the old guard at the Corporation, which now appears to be very firmly under new management.

Meanwhile, the sizeable army of critics of television's inbred career structure will welcome a further injection of the rugged skills of daily newspaper journalism.

Life guard

Confinement to barracks and a spell of square-bashing could lie in store for any British life assurance executives who break the industry's new investor protection rules.

Brigadier Kit Jebens, a former helicopter pilot who spent more than 30 years in the British Army, is to be chief enforcement officer for the industry's recently-formed watchdog body, the Life Assurance and Unit Trusts Regulatory Organisation.

According to a brief, potted biography published by Lautro Brigadier Jebens's career serving Her Majesty included a spell as an instructor at the School of Infantry. A graduate of the army's Staff College, he was promoted brigadier in 1982 and spent the last five years of his military career in charge of a worldwide fleet of army helicopters.

Take five

Roadshows—when companies woo brokers and investors with lavish presentations and lunches—have become two a penny in these bullish times.

But Royal Trust, the outgoing Canadian trust company, has found a certain way to attract attention.

People who attended its function at Painters Hall in the City of London were asked by Michael Cornelissen, the president, to predict the company's share price in five years' time, on September 1, 1992.

The person making the closest prediction will win 500 Royal Trust shares and a trip to Toronto to pick them.

Cornelissen was pleased to point out that his company's shares have trebled in value in the last five years and he, of course, has every confidence that he can keep up the good work in the next five.

The predictions he has had so far are quite encouraging, he says, although some are "rather conservative."

"It's our way of having a little bit of fun," he adds.

Nelson touch

A diverting haistory lesson from Citicorp Investment Bank's annual review: "The value of good information is as important today as it was in Baron Rothschild's day, when that redoubtable investment banker used carrier pigeons to bring hi mthe news that Nelson had triumphed at Waterloo."

Standing at the head of his column, I suppose.

Observer

Letters to the Editor

Splitting electricity into competing companies

From Mr J. Kapp.

Sir,—Max Wilkinson writes (September 7) that "Cecil Parkinson has now all but abandoned *splitting up the* CEGB into competing companies . . . because it would take several years to establish new management teams and build a financial track record . . ." This reflects typical establishment thinking that the management must be left alone because it is doing a good job, and all that needs changing is the owners. This is even less true of electricity than British Telecom. It has been shown that electricity is 20 per cent dearer than it should be. That is for everyone, not just those with defective meters.

Each operational power station (except the nuclear ones) should be sold individually as a going concern complete with its management and staff. There are advantages to this over the alternative of selling hundreds of scattered stations as a job lot.

There would be many more potential buyers interested in the station's performance (eg local authorities, entrepreneurs, existing management, distribution companies, privatised water authorities, as well as local investors), so the Treasury should get a higher price.

All stations would compete against each other, being forced to maximise productivity and efficiency (eg by selling their waste hot water for district heating and by burning refuse) which would bring down the price of electricity to consumers.

The CEGB's redundant stations, numbering 150 or so, should be sold off straightaway without waiting for the privatisation act (33 are up for sale now). This would bring forward, not retard, the benefits of privatisation, doing the opposite of what the minister is being advised.

John Kapp,
55, Hove Park Road,
Hove, Sussex.

Profit-related pay

From the Chief Executive,
New Bridge Street Consultants

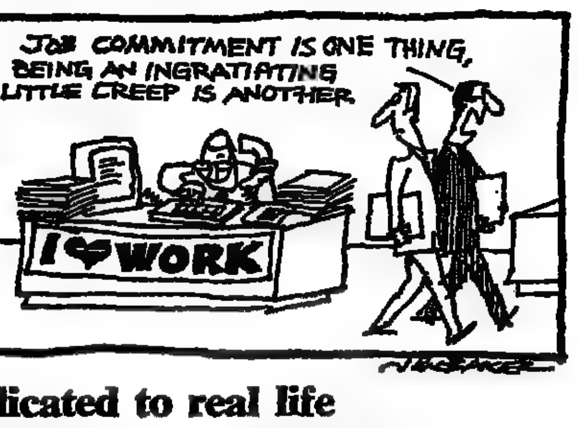
Sir,—The prospects for profit-related pay (PRP) are much better than your article (September 11) suggests. Viewed in its proper context, of pay bargaining, PRP will have virtually universal application.

Signposts for this role for PRP can be found in the legislation. It has been named as pay; it can be paid in the weekly or monthly pay packet; the tax relief is given immediately via the normal PAYE procedures. No financial benefit is provided to the employer for introducing PRP—so employers must look to substituting PRP for a necessary cost, and the *universally available* necessary cost is future pay rises. The registration of schemes is perhaps the simplest procedure for any tax relief—so much so that the Inland Revenue should be able to register a scheme virtually by return post. There is still time therefore to register a scheme for January 1 1988, and since PRP can be paid in advance on an interim basis, employees could receive PRP in their first 1988 pay packet.

The problem for employees in accepting PRP into pay bargaining, is that they must accept both the hope of higher pay, if profits rise, and the risk of lower pay, if profits fall. For many employees, at the financial margin, the risk will outweigh the possible gain. Employers will therefore need to consider, at least for the first year, providing in parallel with the PRP scheme a guarantee of a minimum take-home pay, so that employees are encouraged into the PRP world.

In a wider context, if profits are the principal factor in determining pay levels in an economy then the adoption of PRP may achieve the inevitable pay level rather faster and with less damage than would happen under the existing, confrontational pay bargaining process. If that should prove to be the case, then PRP could become an historic development. The Chancellor should be given the benefit of the experiment, which if properly conducted by companies will not do harm and could do a lot of good.

Laurie Brennan,
30-34 New Bridge Street, EC4.



Dedicated to real life

From Mr R. Atkinson

Sir,—From time to time there is a fair amount of speculative talk about the degree of dedication of the British to their jobs. Political commentators have suggested that, though we *may not yet have* reached the levels of commitment found in either West Germany or Japan, in Mrs Thatcher's share-owning democracy, there is evidence that attitudes toward work are improving.

The cynical among us who question this need look no further for contrary evidence than the London Underground and the advertisements of secretarial recruitment agencies. Manpower Agencies features a sullen-faced girl being greeted on arrival by a grateful employer proffering a bunch of flowers. The clock on the office wall clearly reads 9.50 am. Kelly Girl Agencies features a bathing-suited beauty lying by a swimming pool with the by-line "we pay our secretaries out of the pool as well."

If the finest minds in advertising deem it necessary to *sell* the notion of work by emphasising how little is required, have we cause for optimism over changing attitudes?

Richard F. J. Atkinson,
Cowbridge Lodge,
Malmesbury, Wilts.

Computing services computed

From the Director General,
Computing Services Association

Sir—The computing services industry is one of the fastest growing of the high technology, wealth creating industries and is in a unique position to improve the competitiveness of the UK economy. Readers will therefore be happy to learn that your headline "Growth slackens in computing services" (September 8) is incorrect. The UK computing services industry is continuing to grow at around 20 per cent per year (un-indexed), roughly the *same rate as in the previous* five years and much higher than the 8 per cent quoted.

The figures issued by the Department of Trade and Industry are difficult to interpret because of a major discontinuity between 1985 and 1986 in the way that these statistics are now collected from a panel of 220 companies. In contrast, this association has produced its own annual statistics for its 280 member companies in a continuous manner for many years and we have just recorded a median growth rate of 21.5 per cent for the last 12 months which compares with a figure of 23 per cent for the previous 12 months.

Our latest quarterly survey of business trends shows no falling off in the expected rate of growth of UK computing service companies for the coming year and this is good news to the UK economy as a whole.

Douglas A. Eyeions (Dr).
73-74 High Holborn, W.C.1.

Eliminating EC trade barriers

From Mr T. Craddock

Sir,—Guy de Jonquieres' stimulating article on the elimination of trade barriers within the European Community (September 9) makes clear that although sectional pressures may be great, the ultimate logic of harmonisation is irresistible.

It is inevitable that elimination of trade barriers will cause significant problems for particular industries and particular countries. As Guy de Jonquieres points out, richer members of the EC, like West Germany, will argue that harmonisation is fine, providing it is harmonisation up to their level, whereas poorer members, like Greece, Spain and Portugal, will argue that without additional EC grants, they will be unable to meet the demands of harmonisation. The uncommitted onlooker, perceiving such a double-sided squeeze, may feel that harmonisation is not worth the trouble it will cause.

To turn back would, however, undermine the benefits the EC can produce for its members into the next decade and beyond, and render obsolete much of the progress that has been made in the past five years. It is crucial that the EC uses this opportunity to capitalise on the international pattern of global production and market perspectives. A *unified market of 320m consumers* will provide a tremendous incentive for operators within the EC to rationalise production in the most efficient manner, and for operators outside the EC to provide inward investment (something which is already happening). This will provide major growth and employment opportunities and will help ease structural shifts within the EC.

In addition to the above, a unified market will provide the necessary impetus for a closer alignment of economic policy within the EC. Already, the UK government has *judged it* prudent to "shadow" the European Monetary System. A broader shift towards an integrated monetary policy will be greatly eased by the move to a unified market.

The member states of the EC have it within their power to create the most powerful trading system in the world. It would be to their regret if they do not take this opportunity, even if it means that in the short term, a few feathers need to be ruffled.

Timothy Craddock,
Three Chimneys,
Linton, Maidstone, Kent.

Science Museum displays

From Dr D. Lowry

Sir,—I have just caught up with David Fishlock's interesting feature on the future directions likely to be taken by the Science Museum (August 29). This concerns me as my research covers history and policy in the field of nuclear technology development.

During a recent visit to the museum, it struck me that in the two galleries I visited, space exploration and atomic energy respectively, considerable updating is needed as museum director, Dr Cossons, conceded to Mr Fishlock. For instance, in the new space exhibition, only one half panel (and no hardware) is devoted to the military use of space, including the SDI programme. While there is some presentation of early military rocket research, up to Bluestreak in the early 1960s, the development of Polaris and Trident go unmentioned.

Similarly, in the atomic energy *exhibit*, there is a splendid section on the early pioneers in radiation (Mme Curie, Rutherford etc), and a special section on the Manhattan atomic bomb project. But all military mention ends in 1945. Over 50,000 new and sometimes exotic nuclear warheads have been built since, to be delivered to target by a variety of technical means. Much civil nuclear development has taken place *only* because of the scientific and infrastructural link to the military.

In contrast, the development of nuclear power stations, right up to the PWR planned at Sizewell, are explained in detail. The failure to follow up on the military developments in both cases is a serious omission. When I asked the information staff about this I was told that military issues were too political to present.

Surely visiting students and schoolchildren should be informed about the proper context of scientific research and technological development. It must be wrong for our showpiece science centre to omit key parts of the science story. After all, the exhibits will inevitably outlive any particular government or political current.

(Dr) David Lowry.
Open University,
Walton Hall,
Milton Keynes, Bucks.

Late payment of trade debt

From the Vice-Chairman,
Institute of Credit Management

Sir,—Your report (September 7) on a survey of late payment of trade debt suggests that "most companies are in favour of a change in the law which would automatically add interest to overdue accounts." I suggest the survey should also have asked: whether small companies maintain good, disciplined credit management; whether small companies put a strong profile on their trading terms; whether small companies initiate and maintain close effective customer liaison; and whether small companies put sufficient emphasis on the quality and timeliness of goods supplied, and on ensuring that all covering dispatch notes and *invoices are 100 per cent correct* and delivered to the right company, at the right address, and at the right time.

I suggest that the overwhelming answer to these question would have been no. Therein lies the problem. Unless small companies address these considerations, then they will probably suffer delayed payments, and statutory interest rights will only perpetuate bad management practices. After all, the credit card companies charge a high rate of accumulating interest — but they still have overdue debt!

P. J. Martin.
Easton House,
Easton on the Hill,
Stamford, Lincs.

Influential league tables on how graduates fared

From Mr W. Sweet

Sir,—I suspect that Michael Dixon does not realise how influential his annual "league tables" of graduate employment have become. *Even* members of the University Grants Committee (with all the computer-power of the Universities Statistical Record at their command) have been known to pull dog-eared cuttings from the FT out of their brief cases when visiting universities.

A clear and readable presentation of selected facts has a powerful effect on the human mind, even when crudely over-*simplified*. Mr Dixon acknowledges that his table (September 9) is over-simplified in failing to make any adjustment *for differences in the subjects* taught by the various universities.

The effects of this can be shown by reference to the figures for my own university. In actual fact 663 Lancaster graduates (63 per cent) had found permanent employment by December 31, compared with a national average of 61 per cent. If Lancaster graduates had conformed to the national pattern for graduates in the same subjects, only 602 (58 per cent) would have found permanent employment. So Mr Dixon's *presentation shows less* than half of the extent by which we exceeded the national average.

Readers might reasonably argue that universities should increase their *output* of graduates in subjects like engineering which are in strongest *demand from employers*. We at Lancaster are pushing hard in that direction, but are handicapped by a shortage of adequately *qualified applicants from* school. Entry-standards cannot be lowered too far, or students will need so much remedial teaching that they will be unable to complete their degrees in three years.

W. W. Sweet.
University of Lancaster,
Careers Service, Furness College, Lancaster.

From Dr C. Mason.

Sir, — The most recent of Michael Dixon's "university-bashing" articles (September 9) falls far short of the quality of journalism that I have come to expect from this newspaper. The implication from his article that the *proportion of graduates* "in short-term work or not employed" represents an accurate performance indicator *for individual universities is* misleading.

Dixon makes one brief reference to the fact that the subject mix of graduates influences the "league position" of universities. This is a crucial point. Clearly, universities with an above-average proportion of *graduates in subjects for which* there is a high demand, such as engineering, computing and accountancy, and those with a medical school will have a higher proportion of graduates who go directly into employment than universities whose output comprises mainly arts and social science graduates.

There are, however, other factors which also complicate the interpretation of crude statistics on the employment of university graduates. Mature graduates who have come to university in their thirties or forties can often experience difficulties in the labour market, stemming from the inflexibility and age bias of many employers *(Michael Dixon has* commented on the latter point in some of his previous columns). This will influence the employment statistics of universities, such as Sussex, which recruit large numbers of mature students. Employers (and academics) perceive universities to differ in terms of quality and status. This seems likely to result in discrimination against graduates from universities which, rightly or wrongly, are perceived to be of low status. Many graduates—especially from Scottish and *Irish universities* — wish to remain in their home region after graduation. The demand for qualified labour in the regional labour market will therefore influence the graduate employment record of such universities. Graduates from universities who offer sandwich-course degrees may also be expected to have an advantage in the labour market by gaining employment with their *former placement organisation.*

There are many factors over which individual universities have little or no control which influence *the employment* record of their graduates. Statistical league tables based on unadjusted figures on the employment record of graduates therefore give a very misleading indicator of the "performance" of universities.

(Dr) C. M. Mason,
13 Tanhouse Close,
Hedge End,
Southampton.

FOREIGN AFFAIRS

An agenda beyond the summit

Robert Mauthner weighs up the prospects for Mr Shevardnadze's visit to Washington

WHEN THE US and Soviet Foreign Ministers meet in Washington today, world attention will focus on their attempts to clear the last hurdles on the path to the first major arms control agreement since the unratified Salt II Treaty of 1979. *Little* matter that Mr George Shultz and Mr Eduard Shevardnadze will also be discussing potential threats to world peace in the Gulf, Afghanistan, Central America and Southern Africa.

Public opinion, in contrast to the real, though often unexpressed views of many Western governments and arms control experts, believe that a superpower deal on the elimination *of all medium-range nuclear* missiles will usher in a new era of sweetness and light. Other problems, however important, take second place.

Lip-service to this conventional wisdom is being paid by the main interested parties, Mr Gorbachev and President Reagan. The Soviet and American leaders undoubtedly have good reasons for their attitude, though these seem to have more to do with political expediency than a genuine belief that nuclear arms are not the root of all evil and the main cause of East-West tension.

Those tempted to adopt the same position should examine the consequences and aftermath of some previous arms control agreements and ask themselves *whether the world leaders are* not putting the cart before the horse. Sir Geoffrey Howe, the British Foreign Secretary, is one of the chief exponents of the thesis that effective agreements between the US and the Soviet Union can be concluded only if the general climate of East-West relations is favourable.

According to this school of thought, even the best-conceived arms agreement will dis*integrate if* tensions in other areas undermine the will of the signatories to maintain good relations. The Soviet military intervention in Afghanistan certainly contributed in no small measure to the US Senate's refusal to ratify the the Salt II Treaty. Indeed that situation, together with Washington's annoyance at Soviet support for the Communist regime in Nicaragua, continued to affect the US Administration's attitude towards arms control during President Reagan's tenure—that is, until his astonishing conversion at last October's Reykjavik summit.

In such an unfavourable international environment, existing arms control agreements, far from improving rela*tions, can actually exacerbate* tensions. Mutual accusations by Washington and Moscow regarding violations of the Salt II Treaty and the constant bickering about "broad" and "narrow" interpretations of the 1972 Anti-Ballistic Missile Treaty (ABM) are cases in point.

Some will argue that Mr Gorbachev's advent to the leadership of the Soviet Union has produced the very change in the international climate that everyone in the West has been looking for.

Mr Gorbachev's more tolerant attitude to Soviet dis*sidents*, his apparent desire to improve relations with the West, his unexpected concessions on medium-range nuclear missiles and, lately, Moscow's endorsement of the UN Security Council resolution calling for a ceasefire in the Iran-Iraq war, are all given as examples of this "new look".

Yet on issues considered by the West to be test cases of the Soviet leader's real intentions, such as Afghanistan, progress is slim to say the least. The Geneva negotiations on a timetable for the withdrawal of Soviet troops from Afghanistan have just broken up again without an agreement in sight, while the problem of the formation of a truly representative government in Kabul remains as intractable as ever.

Because of the intentially disruptive effect of such international disputes on the East-West climate in general and the US-Soviet relationship in particular, Mr Shultz and Mr Shevardnadze would do well to devote at least as much attention to them as to an INF agreement. For arms control, by itself, has been found wanting as an instrument for producing anything but a temporary improvement in East-West relations.

There are other grounds for concern in the manner in which the INF negotiations have been conducted by both sides. During the last nine months the talks *have resembled a race against* the clock rather than an attempt to reconcile two well-constructed positions based on rational security criteria. United in their objective, but for different domestic political reasons, Mr Gorbachev and President Reagan have been bending over backwards to conclude the INF negotiations by the end of this year in order to allow the US Senate to ratify the Treaty before Mr Reagan leaves the White House.

In the process, some remarkable U-turns were made by both sides—not *to speak of the* interested and involved bystanders, the West Europeans —which had more to do with negotiating tactics than arms control principles. The zero option was originally a US and Nato proposal, made on the assumption that it would never be accepted by the Soviet Union. It was not only embraced by Mr Gorbachev but trumped by his acceptance of the complete elimination of all shorter-range as well as longer-range INF weapons, including the 100 warheads which Moscow had originally insisted each side should be allowed to retain on its own territory.

At the same time, the verification proposals now on the table show that the Soviet Union, once so sensitive about allowing inspectors on to its soil and into its factories, is now in favour of a stricter and more intrusive scheme than the US, which has suddenly got cold feet.

Little wonder, then, that America's European allies have been left shaken at the speed *with which they had to digest* the strategic implications of all these new proposals and that the Western alliance is facing something of a crisis of confidence despite all the reassuring noises made by Washington.

The West Germans—at least the conservatives in Chancellor Kohl's cabinet and their supporters — feel particularly aggrieved and anxious. Their main fear is that the withdrawal *of all land-based INF weapons* from Europe would reduce the likelihood of the US ever using strategic nuclear weapons in the event of a conflict on European soil.

Those fears are not entirely rational or logical, as the Americans have been quick to point out. The stationing of 300,000 US troops in West Germany can be said to be as much of a guarantee that the American nuclear umbrella *still* extends over Europe as the stationing of missiles on European soil.

The last-minute obstacles over which so much ink has been spilled should not be taken too seriously. The Soviet demand that West Germany's undertaking to destroy its obsolete Pershing 1A missiles once the superpowers have eliminated their own medium-range weapons, should be matched by *a US promise to destroy nuclear* warheads for Pershing 1As held on American soil, is unlikely to delay an agreement for very long.

The two sides are, after all, agreed on essentials and there are ways of dealing with this problem which will circumvent Washington's refusal to include "third country" systems in a bilateral treaty with the Soviet Union. A separate written assurance by the US that the warheads in question would be dismantled at the same time as the Pershing 1A missiles could be one solution.

The essential question to be asked as the INF negotiations reach the crunch is no longer whether an agreement will be concluded, but what it will achieve. In order to allay European anxieties, Washington has already indicated that it would be prepared to deploy a range of new systems in or off Europe, to fill the gap left by Pershing II and Cruise missiles, including air-launched and sea-launched Cruise missiles.

If that happens, the Soviet Union will be obliged to follow suit and we will be back to square one, hardly the best result of an arms control agreement.

FINANCIAL TIMES

Tuesday September 15 1987

Shearson Lehman scales downs UK equity operation

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

SHEARSON LEHMAN Brothers, the investment banking arm of American Express, is to make 150 people at its London office redundant.

The job losses, equivalent to 10 per cent of the staff, result from "an extensive review of our business," according to Mr Jacques Gelardin, the chairman of Shearson's London operations, which include Messels, the stockbroking firm. He blamed conditions in the London market since last year's Big Bang deregulation, as well as the consolidation of Shearson's UK business from five buildings into its new City of London headquarters.

The losses are by far the largest to have been announced by a single institution in the 11 months since Big Bang. Over that time, intense competition and heavy costs have put a squeeze on profits throughout the City. But speculation about Shearson's problems has been rife in recent weeks because of the large number of job applications received by other companies from its staff.

Mr Gelardin said that the redundancies would not involve the closure of any of Shearson's operations. "We are absolutely not exiting any lines of business," he said. However, Shearson will be cutting back its market-making activities in equities from 400 to 200 stocks. The group is also active in the gilt-edged market, the capital markets and commodities, as well as investment management and corporate finance.

The redundancies are spread throughout the company but are mainly in administration. Mr Gelardin said they were not specifically related to Messels, which Shearson bought last year in preparation for Big Bang. The stockbroking firm has been completely integrated into Shearson and lost its separate identity as well as its name earlier this year.

Now that the review has been completed, Mr Gelardin said that no further job losses were planned. The individuals affected are not being identified publicly, but will receive generous compensation packages and advice about getting new jobs.

Shearson's problems are generally considered in the City to have stemmed from over-ambitious plans, although its scattered operations also led to excessive duplication of jobs. Mr Peter Cohen, the chief executive of Shearson Lehman Brothers in New York, is due to arrive in London today for a tour of inspection.

Previous job losses in the City since Big Bang have been confined to one or two dozen. They include Midland Bank's withdrawal from equity market making, Lloyds Bank's closure of its gilt-edged and Eurobond business and Morgan Grenfell's reduction of its gilt-edged dealing staff.

Shearson's action is expected to take more pressure off the City jobs market, where salaries have begun to level off after their steep rise last year. Although some institutions are still recruiting in specialist areas, demand for staff is weakening with the growth of cost-consciousness.

Tim Coone reports from Buenos Aires on the resurgence of a party after two bitter defeats

Peronists hold the key to power

A SEVERED hand was found by the side of an Argentine highway last week. It was no ordinary hand. An anonymous phone call which led police to the site identified it as that of former President Juan Domingo Peron.

The general's famous hands (he was renowned for rolling up his shirtsleeves and baring his forearms at workers' rallies) were removed from his tomb two months ago. A ransom demand of $8m was never paid.

There has been a long history of macabre and violent events such as this surrounding the populist Peronist Party whose founder and revered father-figure Juan Peron was.

Earlier this month, in Argentina's mid-term elections, the party staged a spectacular comeback and now holds the key to power in the country, either as a coalition partner to President Raul Alfonsin's ruling Radical Party, or as a formidable opposition which has the weight of the trade union movement behind it.

Mr Antonio Cafiero, the leader of the "renovation" wing of the party, and governor-elect of the key Buenos Aires province, now has the difficult task of uniting a historically divisive and violent party behind him and maintaining the political momentum and initiative for the next two years before the presidential elections in 1989.

The last two elections, in 1983 and 1985, resulted in bitter defeats for the Peronists, and led to an internal reorganisation and elections within the party. The "renovators" led by Mr Cafiero gained control of the party apparatus in Buenos Aires province and several regions in the interior.

At a national level, the "renovators" now control about half the party apparatus. The rest is in the hands of provincial party bosses who run the local organisations, and in several cases the local governments, as personal fiefdoms.

Standing for a democratisation of the party, Mr Cafiero said at the time of the launch of the "renovation" wing in 1985: "This is the most important event that Peronism has produced since the death of Peron. It is the first step in overcoming the type of leadership which we had historically when Peron was alive. It is the start of the transformation of Peronism."


Antonio Cafiero: He must put a stop to divisions.


Juan Domingo Peron: The $8m ransom was unpaid.

He has worked hard to shed the image of the party's violent past, in particular that of its last government from 1973 to 1976, during which a guerrilla war raged and which provided the excuse for a military coup backed by one faction of the Peronists, and the subsequent "dirty war" which officially left more than 9,000 missing and unofficially 30,000. Many were fellow-Peronists.

Peron wrested control of the trade union movement from communists and socialists in the 1940s and 1950s, often by violent means. His populist income redistribution policies and nationalisation of foreign interests in Argentina led to his ousting by a military coup in 1955, exile, and the banning of his party until the 1970s.

Both right-wing and left-wing factions in the movement used weapons, which was one of the causes of the guerrilla war in the 1970s.

In the period before the elections this month, that violent past resurfaced. The hand incident was not the only one.

In the last week of the election, several Peronist militants were shot dead or were wounded as they pasted election posters to walls in the capital. A right-wing faction of the party led by Mr Herminio Iglesias has been blamed. Mr Iglesias controlled the Buenos Aires section of the party until 1985, and at one point had Mr Cafiero expelled. A colleague of Mr Iglesias had been murdered a few days earlier, an incident he blamed on supporters of Mr Cafiero.

At the height of the election campaign, Mr Cafiero was embarrassed by a full-page advertisement in most of the daily newspapers, signed by Mr Mario Firmenich, a former guerrilla leader now serving a life sentence for kidnapping and murder. In it he urged support for Mr Cafiero, who promptly rejected it.

Mr Firmenich was one of the founders of the Montonero guerillas, and has a shadowy past. He started out his political career as a right-wing Peronist and only later adopted a left-wing stance to found the Montoneros. He has been accused of being linked to the military intelligence services.

The ruling Radical Party tried to exploit this ugly side of the Peronist movement during the campaign. Mr Cafiero's rival for the Buenos Aires governorship argued during a televised debate that the Peronists, if elected, would bring their internal divisions into the government, a claim which incidentally did not prevent the Radicals from bringing a right-wing Peronist trade union leader into the government last April. (The appointment of Mr Carlos Alderete as Labour Minister was expressly intended to divide the Peronists.)

The scaremongering did not work, if one judges by the election results, which at national level gave the Peronists a lead of 7 per cent over the Radicals.

Their traditional promises of social justice, job creation and income redistribution, together with nationalist economic proposals to reject policies conditioned on agreements with the International Monetary Fund and international banks, appear to have hit the right note.

President Alfonsin's decision last week to freeze interest rates on foreign debt is a recognition of the renewed appeal that the Peronists have again shown.

Mr Cafiero's task is to exploit that advantage, to effect real changes in government policies from the opposition but without provoking violence either within his party or against opponents, and to demonstrate that Peronism is a political force that can behave responsibly.

As one Argentine politician said: "Political violence occurs in an inverse relationship to the possibilities of taking power." With a real possibility now of winning the presidency in 1989, the Peronists will be doing their best over the next two years to show that they can leave their violent past behind.

Iraq tells UN it wants sanctions

Continued from Page 1

of an arms embargo against whichever side fails to abide by its terms.

In Baghdad, Western officials say that a possible compromise would be for an independent tribunal to assess the origins of the conflict.

Iraq claimed that shells rained down on its beleaguered southern city of Basra as Mr de Cuellar arrived in Baghdad late on Sunday on the second stage of his peace mission to the region. Baghdad also reported an Iranian infantry attack in its central sector, 120km east of Baghdad.

At the same time, however, a lull in the Gulf "tanker war" enabled reflagged Kuwaiti vessels to reach the Strait of Hormuz in record time. The convoy - unlike the seven before it - made no stops in the 550-mile journey.

Mr de Cuellar had asked Iran and Iraq to observe a truce during his visit to the region. He is expected to leave for New York today.

The UN Secretary General spent two days in Iran before flying to Iraq. In Tehran, he met President Khamenei, Mr Hashemi Rafsanjani, the Speaker of the Majlis (parliament), Mr Mir-Hossein Moussavi, the Prime Minister, and Mr Ali Akbar Velayati, Foreign Minister.

Observers in Baghdad believe that divisions in Iran over terms for ending the conflict are undermining mediation efforts. Iraq has said it is prepared to accept the Security Council resolution, unanimously endorsed by the five permanent members of the Security Council, if Iran does so.

Tim Dickson in Brussels adds: The Belgian Government decided yesterday to send two of its minesweepers and a command vessel to join other naval forces in the Gulf. A statement issued after a full Cabinet meeting last night stressed Belgium's "strict neutrality" in the conflict and indicated that the fleet could be recalled "at any time".

Mr Wilfried Martens, Belgium's Prime Minister, said that the force would be fitted out in eight days and take about five weeks to reach the Gulf zone. The operation has been co-ordinated with the Netherlands and Britain and protection of British vessels will be provided.

Our Foreign Staff adds: Sheikh Sabah al Ahmed al Sabah, Kuwait's Deputy Prime Minister and Foreign Minister, is to meet Sir Geoffrey Howe, the Foreign Secretary, in London today.

Rome acts to calm currency storm

Continued from Page 1

A clue to the Treasury's analysis as to who has been responsible for the speculation against the lira can be found in the accompanying measures.

On a technical level these aim at curbing the "leads and lags" in external trade payments by controlling the advance financing in foreign currencies of imports and the delayed repatriation of export earnings, and by reducing the periods in which currencies can be held without use in foreign exchange accounts.

The authorities believe that large companies have been fully exploiting their powers to bargain loans from the banking system at below market rates to "round trip" on Treasury bills and to finance speculation on a devaluation.

Complaining of falling competitiveness, many business leaders have made no secret of their desire to see the lira fall in a response to stagnant exports and double digit increases in imports.

That some operators believed that they could nudge the Government in the direction of a European Monetary System realignment - which many obviously thought possible at last weekend's gathering in Denmark - is hardly surprising given its lack of firm foundation in the quicksands of Italian politics.

After six months in which the country had lacked any effective government, the five-party coalition introduced temporary VAT increases, higher petrol prices and a 0.5 percentage point rise in the Bank of Italy's discount rate at the end of August in a bid to damp down domestic demand. This has been running well ahead of the growth in output and sucking in ever larger quantities of imports.

Citing both IMF and OECD forecasts, the Bank of Italy believes that the current account will now finish in broad balance this year.

Officials say that Sunday's measures are meant to underline that there is to be no departure from the longstanding policy of allowing only a partial accommodation of inflation differentials between Italy, where prices are currently rising at an annual average of 4.5 per cent, and its main partners.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	29	84	Malta	S	28	82	Rhodes	S	28	82
Algiers	S	32	90	Edinburgh	R	12	54	Manchester	S	17	63	Rio de J'o	-	-	-
Amsterdam	S	18	64	Faro	S	29	84	Manila	-	-	-	Rome	S	29	84
Athens	S	30	86	Florence	S	28	82	Melbourne	C	15	59	Salzburg	S	28	82
Bahrain	S	37	99	Frankfurt	F	22	72	Mexico City	-	-	-	San Francisco	C	15	59
Bangkok	S	34	93	Funchal	C	26	79	Miami	S	26	79	Seoul	S	26	79
Barcelona	S	28	82	Geneva	C	29	84	Milan	S	26	79	Singapore	F	27	81
Beirut	-	-	-	Gibraltar	C	25	77	Montreal	S	16	61	Stockholm	F	15	59
Belfast	C	14	57	Glasgow	C	13	55	Moscow	C	10	50	Strasbourg	S	27	81
Belgrade	S	33	91	Guernsey	F	16	61	Munich	S	29	84	Sydney	S	22	72
Berlin	C	17	63	Helsinki	F	14	57	Nairobi	F	25	77	Taipei	-	-	-
Biarritz	S	25	77	H. Kong	C	29	84	Naples	S	31	88	Tangier	S	32	90
Bombay	F	30	86	Innsbruck	S	25	77	Nassau	-	-	-	Tel Aviv	S	33	91
Bordeaux	S	27	81	Inverness	F	13	55	New Delhi	S	34	93	Tenerife	S	28	82
Brussels	F	18	64	Islamabad	-	-	-	New York	S	21	70	Tokyo	S	28	82
Budapest	S	32	90	Istanbul	S	25	77	Nice	S	27	81	Toronto	S	12	54
B. Aires	C	21	70	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	F	29	84
Cairo	S	32	90	Jersey	S	19	66	Oporto	S	24	75	Valencia	S	32	90
Cape Town	C	15	59	Jo'burg	S	25	77	Oslo	F	15	59	Venice	S	25	77
Caracas		26	82	Lima	-	-	-	Paris	D	19	66	Vienna	F	31	88
Casablanca	S	27	81	Lisbon	S	31	88	Peking	F	28	82	Warsaw	C	21	70
Chicago	R	21	70	London	F	19	66	Prague	F	25	77	Washington	S	22	72
Cologne	R	17	63	Los Angeles	F	16	61	Reykjavik	F	5	41	Zurich	S	29	84
Copenhagen	F	17	63	Luxembourg	C	19	66								
Corfu	S	33	91	Madrid	S	31	88								
Dallas	F	25	77	Majorca	S	30	86								
Dublin	R	17	63	Malaga	S	28	82								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

UK Liberals split over merger

BY PETER RIDDELL, POLITICAL EDITOR, IN HARROGATE

ATTEMPTS BY Britain's minority Liberal Party leadership to ensure a smooth launch for merger with the divided Social Democratic Party (SDP) got off to an uneasy start yesterday when party activists claimed the talks would be less of a merger and more of a Liberal takeover.

Liberal leaders were embarrassed by a pamphlet from two prominent activists at the end of the opening day of the Liberal Assembly which stated that the only possible basis for the merged party "is as a Liberal Party, whatever it is called".

Mr Tony Greaves, a prominent Liberal and one of the authors of the pamphlet, went further at a press conference in claiming to have been told privately by leading Liberals that whatever was said publicly about a merger the party would be taking over the SDP.

Although the pamphlet is franker and blunter in its assertion of Liberal predominance and in its criticism of the SDP than most Liberals would be, its underlying argument is shared by a number of Liberal activists.

Liberal leaders moved immediately to disown Mr Greaves' remarks and to argue that he only spoke for himself.

Despite the inauspicious start to the Liberal conference in the northern English resort of Harrogate Liberal leaders were confident the party's annual assembly would endorse the merger plan overwhelmingly. This is in contrast to the smaller SDP which earlier this month backed the proposal only after a bitter and divisive debate which saw the resignation of Dr David Owen former leader who now leads a breakaway faction opposed to merger.

An uneasy Liberal-SDP alliance fared badly in June's general election.

Li Kashing takes 4.9% stake in C&W

By David Dodwell in Hong Kong

THREE Hong Kong companies controlled by Mr Li Kashing, one of Hong Kong's leading businessmen, have acquired a 4.9 per cent stake in Cable and Wireless, the UK-based international telecommunications group, for about HK$3.0bn ($384m).

The stake was announced on the day that Mr Li unveiled plans for rights issues intended to raise just over HK$10.3bn - one of the largest fund raising exercises ever mounted by a publicly quoted group.

The Cable and Wireless stake, built up over two months, marks Mr Li's second attempt to establish a substantial holding in a UK group. In September last year, he acquired a 4.9 per cent holding in the Pearson group, which owns the Financial Times, but this was sold in May.

Mr Li gave no clear indication of any plans to increase the holding in Cable and Wireless which, according to its articles of association, would not allow an individual shareholder to take a stake larger than 15 per cent.

In London, Cable and Wireless said that it was "relaxed" about the investment and noted that Mr Li was aware of the restriction on shareholders to 15 per cent of the equity.

The three companies holding between them the 4.9 per cent are Cheung Kong Holdings Ltd, Mr Li's flagship holding company, Hutchison Whampoa, which embraces container port operations and trading as well as property and telecommunications, and Cavendish International, a company newly created by Mr Li to hold a variety of stakes in ventures ranging from oil exploration to hotels.

Each of Mr Li's companies also announced plans for rights issues yesterday. Hutchison proposes an offer of one share for every eight already held at a price of HK$11.20 per share. This would raise about HK$3.74bn before expenses. Cheung Kong's offering will be of one for 10, at HK$10.40, raising HK$2.08bn, while Cavendish proposes a one for five offer at HK$4.30 a share, also raising HK$2.08bn.

In addition, Hongkong Electric, in which Cavendish has a 23 per cent stake, plans to raise HK$2.4bn through a one for five offer at HK$8.00 a share.

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Japanese debt proposal

Continued from Page 1

"Compared with 40 years ago, when we were just recipients of aid, we are all of a sudden donors of aid," he said.

One of the reasons for launching an initiative at the IMF meeting would be to sensitise the Japanese people to their new international responsibilities.

"They have not really awakened to the role they are supposed to play in international affairs," he said. "Not that they are basically against such a concept. They are just not aware of their responsibility or the role they are expected to play.

"I think we must start very carefully, perhaps with great caution. This is a country where, when we want to start something, we do not go back.

"We advance, however, slowly. So we must be very careful before we start."

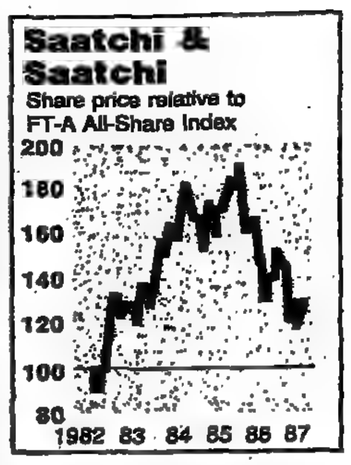
THE LEX COLUMN

Too global by half

The fact that Saatchi & Saatchi has now set its heart on becoming a major player in the world financial services industry is hardly going to strike terror in the boardrooms of American Express, Citibank and Nomura. But the weekend revelation that the ubiquitous Saatchi brothers had offered to take over Midland Bank was enough to put 13p on the latter's share price, whereas its shares had hardly budged when Lord Hanson's purchase was announced the week before.

It is easy to dismiss Saatchi's interest in Midland, and the financial services industry generally, as an idle daydream by a firm which has got carried away with its own self-importance. Unfortunately, the firm is deadly serious. It has planted the British flag at the top of the world advertising industry, and believes sincerely that if the City does not move quickly, major UK financial institutions, of which the most vulnerable is Midland Bank, will soon be gobbled up by foreign predators. It argues that banks and other financial firms must go global if they are to match the foreign competition. This might well happen, but it is difficult to see what Saatchi & Saatchi has to contribute.

The idea that Saatchi could cross-sell the services of Midland Bank's corporate finance department to its international advertising clients is laughable, and even the suggestion that Deutsche Bank's recent acquisition of a management consultancy legitimises similar moves by other financial institutions is debatable. At a time when successful firms such as American Express are turning their back on the concept of financial supermarkets, Saatchi now believes that this is the way ahead. It smacks of a firm which has run out of good ideas.



Shearson

Those of the City's gilded youth who have lately moved jobs for yet more excessive salaries will find food for thought in the shakeout at Shearson. Though not the rumoured bloodbath, it illustrates both how supply and demand are starting to come into line in the City job market, and the sketchy way in which many of the pre-Big Bang mergers were conceived. Alone among the US investment banks in having opted for wholesale purchase of a broking house rather than picking off individuals, Shearson is the first to apply American bluntness to the resulting overlaps. There will surely be London houses planning to follow suit.

The cutbacks also suggest the size of the gap opening between a handful of successful equity market makers and the rest. Though Shearson is adamant that it is not pulling out, the line to which it is retreating - the FT-SE 100, corporate clients and stocks researched in depth - may prove an uneasy no-man's land between the big battalions and the specialist snipers. Lloyds Bank, Greenwell, now Shearson - it looks as if London's May Day is happening already.

Cable & Wireless

Hong Kong's largest ever rights issue is a masterful stroke of opportunism from Mr Li Kashing. The simultaneous announcement of the stake in Cable & Wireless has also neatly sweetened a pill which was, at the least, somewhat larger than expected. Yet in spite of the fact that only a little over half the call falls outside the Li empire, and most of the new cash will apparently be ploughed back into Hong Kong, the market is unlikely to continue holding up as well as it did yesterday - at least in the near-term.

About £230m of the £520m of outside money raised will pay for the C&W stake. That may seem like rather a lot of money, but if anyone is in a position to value the future prospects of the communications industry in the Far East (where C&W is overwhelmingly committed) it is Mr Li. And the investment also provides some divestment without seeming to lose faith in the colony. C&W was understandably calm given the - possibly outdated - 15 per cent shareholding limit and the potential for lucrative joint ventures in China. There may even be a mutual interest in Mr Li taking up the 20 per cent minority stakes in the two Hong Kong based C&W companies. That would leave the Li empire in the odd position of competing against itself over cable and satellite - which may not be as strange as it sounds for the Far Eastern giants. But if serious collaboration is planned it is more likely to mean more bad news for BT, the Hong Kong group's current partner.

Whitbread

The fashion for paying premium prices for international brands is going to extremes. Whitbread's agreed bid for James Burrough - essentially the purchase for around £170m (less £15m of cash in Burrough's balance sheet) of the Beefeater gin brand - must be some kind of record. True, building brands from scratch is expensive, lengthy and often not successful. But established brands need careful management to stay on top, especially when consumers can barely tell the difference between the products once out of the packaging.

Beefeater is a strong brand outside the UK, although it has lost position in the US. And Burrough is a fine company with a long tradition. Yet Whitbread's offer must be counted generous in valuing Burrough on about 27 times earnings while its own prospective multiple is not even in the teens. The City was less than impressed by the deal, the shares falling 5p on the news and another 6p, to 324p, after the analysts' meeting.

Whitbread could offer little expectation of rationalisation benefits to offset the earnings dilution in putting Burrough together with its own Long John - the sales forces will be combined, even enlarged, and the production facilities kept. More important, the deal will not solve Whitbread's problem in the US wines and spirits market - where it lacks what it calls critical mass - because Burrough has a long-established distributor. Whitbread can only say that it will honour the contract without revealing its terms. Given Whitbread's less-than-sparkling history of acquisitions in the wines and spirits sector, the company is asking for a little too much faith on the part of shareholders.

Chemical NY to cut staff and take $135m charge

BY ANATOLE KALETSKY IN NEW YORK

CHEMICAL NEW YORK, the big US money centre bank, is cutting its staff by 10 per cent, or about 2,000 people, and initiating a company-wide austerity programme, at the cost of a $135m before tax charge.

The charge will result in a loss of about $65m in the current quarter, but asset sales which should be completed by the end of 1988 should *generate pre-tax gains of at least* $300m, according to Chemical.

The cutbacks follow the loss of $1.1bn *that Chemical recorded in* the last quarter when it added $1.1bn *to* its reserves against its problem loans in the Third World. Like all the other money centre banks, Chemicals is now under pressure from regulators and many stockmarket analysts to strengthen its depleted capital base.

Three of the other leading New York banks – Citicorp, Manufacturers Hanover and Bankers Trust – have so far announced that they will be raising capital, as well as seeking to boost their retained earnings through cost reductions. The stream of equity issues has had a *depressing effect on bank stock* prices on Wall Street.

Chemicals made a substantial is*sue of new common and preferred* stock as part of its takeover of Texas Commerce Bancshares, the leading bank in Houston, in May this year. At the end of the second quarter, Chemical had $2.9bn of stockholders' equity supporting total assets of $78.4bn.

Chemical estimated the austerity programme would boost its earnings by about $150m a year. The job cuts are concentrated in the company's Chemical Bank and certain other subsidiaries, and they are to be achieved through a combination of normal attrition, voluntary separations and job eliminations.

The company also said that it would sell peripheral businesses which did not fit into its strategic plans, generating $300m in pre-tax *capital gains by the end of 1988.* However, the only business specifically identified as being up for sale was Chemical Financial Services Corporation, a consumer finance subsidiary based in Ohio.

US bank ousted from Citicorp share sale

By Deborah Hargreaves in New York

FIRST BOSTON, a major US investment bank, was ousted yesterday from an underwriting group involved in an offering of $1bn of new Citicorp shares.

Merrill Lynch, which is leading the group, and Citicorp said the decision was made because *there was a potential conflict of* interest between First Boston's obligation *to* Citicorp and its position as head underwriter in an offering for another major New York bank, Manufacturers Hanover.

First Boston denied any conflict in its position. The move comes as major US banks rush to *raise new equity capital to help* offset recent large additions to loan-loss reserves on overseas loans.

There was apparently concern at Citicorp that First Boston was pushing the Manufacturers Hanover offering at least to tie with or beat Citicorp's offering, which is scheduled to go ahead this week.

Citicorp said on August 18 that it would issue 17m new shares worldwide, and Manufacturers Hanover followed a couple of weeks later with its own announcement of an offering of 6m new shares.

Ferruzzi pays $365m for US soybean group

BY ALAN FRIEDMAN IN MILAN

FERRUZZI, the Italian food and agriculture group that also controls the Montedison chemicals concern, has agreed to spend a total of $365m to buy 100 per cent of Central Soya of Fort Wayne, Indiana, a leading US producer of soybean seeds.

The purchase of Central Soya *from* the Shamrock group is the biggest acquisition for the Ravenna-based Ferruzzi since last March when it paid $631m to buy the European corn starch and glucose operations of CPC International.

Ferruzzi is to pay $170m in cash *for* Central Soya and will assume $195m *of* debenture debt owed by the US company. Central Soya has 65 plants *around the world*, including nine in Europe.

Ferruzzi claims that with Central added to its Italian soybean holdings it will have 8 per cent of the world market in soybean seeds, making it the world's third biggest company in this sector (with annual production of 5.7m tonnes of soybean seeds).

The Indiana-based business employs 3,500 people and has annual revenues of around $1.5bn. Central Soya's net profit last year was believed to have been between $6m and $7m.

Ferruzzi said yesterday that with Central Soya under its wing, the Ravenna group would be the European market leader in soybean seeds as well as sugar (via its control of Eridania in Italy and Beghin-Say in France), grain and cereal trading and corn starch (via CPC).

Ferruzzi did not disclose how it plans to finance the acquisition, but the Italian company recently signed *a deal with Prudential Bache of the* US under which the latter is committed to raise $575m for Ferruzzi over the next three years on international capital markets. The acquisition of Central Soya was handled by Wertheim, the New York investment bank.

With the acquisition of Central Soya the Italian concern's spending on acquisitions in the last six months (CPC included) comes to a total of $800m.

Montedison, meanwhile, in which Ferruzzi's 40 per cent shareholding gives it effective control, last Friday announced it was spending nearly $1.6bn to *lift its* stake in Himont, the joint venture polypropylene company started in 1983 by Hercules and Montedison.

The Milan-based Montedison plans to spend a further $90m on *the New York Stock Exchange* to buy another three per cent of Himont in order to reach 80 per cent control of the company.

Executives at Montedison have admitted that the Himont deal will create a "temporary imbalance in our debt-equity ratio" but say they are pledged to finance the deal through asset disposals, capital market operations and by tapping the $500m cash inside Himont once they obtain control of the company.

Trafalgar House buys stake in Costain

By Nikki Tait in London

TRAFALGAR HOUSE, the giant *shipping, property and construction* company, was yesterday revealed as the mystery buyer of shares in Costain – holding just under 5 per cent of the construction and mining group's equity.

Costain said yesterday that it had discovered the stake as part of its regular scan of the share register and investigations into nominee names. Trafalgar House subsequently confirmed to the company that it *holds* 8.25m shares or 4.94 *per cent. With the shares up 14p to* 360p, its stake is worth just under £30m (US$49.5m) and the entire company valued at £601m.

Trafalgar, however, describes its stake as a "trade investment" and says it has "no present intention" of making a bid. Last night, the company refused to elaborate on that statement or to give the average cost of its stake.

However, Costain said it believes Trafalgar had started accumulating the shares in late July or early August. The market has been aware of some stake-building and six weeks *ago the shares rose to 387p* – with Consolidated Gold Fields the suspected purchaser. Yesterday, Costain said that its recent searches had not revealed any other significant share build-up.

Costain, along with other UK building groups, has suffered badly from the downturn in overseas contracting work; its UK civil engineering side has also found recent conditions highly competitive.

In the first half of the current year, these two arms of the business were largely responsible for a small pre-tax profits drop from £21.2m to £20.9m. Over the past two years the full-time figures have been static, and the City expects *minimal improvement to around* £55m this time.

US losses to keep Puma in the red

By Haig Simonian in Frankfurt

PUMA, the West German sports shoe and clothing manufacturer, which made losses of DM40.3m (US$22.4m) in the 1986 business year, expects to be in the red again in 1987 owing to further losses in its US business.

Turnover at Puma's US sales organisations fell to DM91.5m last year against DM272.4m in 1985. As a result, the group's 1986 US losses amounted to just under DM75m, not the DM54m figure previously quoted for 1986 and 1987 jointly. Meanwhile, turnover at parent company level in 1986 fell almost 15 per cent to DM898m.

The company, which was floated on the stock exchange to a rapturous reception in July last year, did not give any forecasts for its 1987 losses, either in its US business or at group level.

Cofide profits jump to L29.5bn for year

BY ALAN FRIEDMAN IN MILAN

COFIDE, the ultimate holding company of Mr Carlo De Benedetti's expanding Italian, French and Spanish industrial-financial empire, yesterday unveiled a more than trebled net profit of L29.5bn ($22.5m) for the financial year ended on June 30 1987. The net profit in 1986 was L9.2bn.

Cofide was formed in November 1985 as the ultimate vehicle for controlling Mr De Benedetti's interests including key share stakes in Olivetti (which he chairs), the Buitoni foods group, Valeo, the French car components concern and many other interests in publishing, financial services and manufacturing.

Cofide is the master company that groups holding vehicles such as CIR and Sabaudia in Italy, Cerus in France and the newest vehicle, Cofir in Spain.

The company is 51 per cent owned by Mr De Benedetti and has among its minority shareholders a range of institutions such as SG Warburg, Shearson Lehman, Nomura Securities, Banque Indosuez and Mediobanca.

Mr De Benedetti reached an agreement earlier this month to form an alliance by way of shareholding swaps with his cousin, Mr Camillo De Benedetti, who in his own right controls a sizeable investment company – Paleocapa – that owns key minority stakes in Generali, Gemina, Pirelli, La Fondiaria and other Italian companies.

Under the terms of the deal, Paleocapa will pay L90bn to acquire an initial 7 per cent of Cofide. This could rise to an eventual 15 per cent if Paleocapa acquires more shares on the stockmarket.

Times Mirror to sell Denver Post

TIMES MIRROR, the US media group, has agreed to sell its Denver Post newspaper to an affiliate of Media News Group, which is owned by Richard B. Scudder and William Dean Singleton, for $95m in cash and notes, Reuter reports from Los Angeles.

The company said the Post has experienced significant losses in recent years

US software group's warning on competition as IBM steps in

BY ANDREW BAXTER IN LONDON

INTERNATIONAL Business Machines, the world's largest computer company, will be a major competitor *for leading software houses in* the future, Mr Frank Gaudette, chief financial officer at Microsoft, said in London yesterday.

Microsoft, one of the big three independent US software companies with Lotus Development and Ashton-Tate, has had a joint development agreement with IBM since 1985.

Microsoft's MS-DOS operating system – a computer's internal software – has been the IBM-PC standard since 1981, and the operating system for IBM's latest PCs is among Microsoft's more promising new products.

However, Mr Gaudette noted that *as the computer industry came closer* to "the elusive goal called office automation," customers would want a system in which an ordinary PC can serve as a workstation and more. This is when IBM's presence would be felt. "We make no bones about that," said Mr Gaudette.

Mr Gaudette said the environment was becoming increasingly tough for smaller software companies. "A single product company just does not have the marketing *and financial punch to make an impact*," he said.

This had given Microsoft the opportunity to acquire its smaller competitors although Mr Gaudette said the company would not buy market share. Instead, it was looking for small companies with a "kernel" of a good product which Microsoft, with its greater financial muscle, could develop.

Mr Gaudette said that, since Microsoft went public last year, "a lot of people bring them [potential purchases] to us." The offering, which raised $45m, was the company's only significant source of outside financing and was motivated partly by a need to give employees a ready market for their share options.

TRI reopens Fermenta takeover

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

TRANS-RESOURCES (TRI), the privately-owned US holding company, is poised to take over virtually all the assets of Fermenta, the scandal-plagued Swedish antibiotics and chemicals group.

Last month a planned bid by TRI for Fermenta foundered on the opposition of some Swedish banks, which turned down TRI's proposed method of repaying Fermenta's bank loans.

TRI has continued to negotiate for the purchase of Fermenta assets, however, and has placed a new offer worth around SKr 1.4bn ($220m) for virtually all the assets, excluding the group's Swedish-based fermentation plant.

The Fermenta board said that it "looks favourably on the offer" and that negotiations had been started to reach a definitive agreement

An extraordinary shareholders meeting will be held in mid-October, and Fermenta *said yesterday it hoped the deal* could be carried through from the end of the year.

The sale will include the fermentation operations in Italy and the US, the US animal health and agrochemicals operations and the group's 68 per cent holding in Pierrel, the Italian chemicals and pharmaceuticals group.

Fermenta, which last year had a turnover of SKr 3.025bn and a loss of SKr 613m (before tax and allocations), had to be saved from financial collapse earlier this year after the disclosure of far-reaching financial irregularities in the group's book-keeping.

The notes will be secured against the European assets.

In turn the Swedish banks have agreed to exchange half of the TRI noes, or SKr 450m, for cash when the deal is completed.

Mr Bertil Holmberg, Fermenta chief executive, said last night that Mr Refaat El-Sayed, the ousted *former majority shareholders and chief executive* in Fermenta, had not played any role in the TRI deal.

The company's rise and fall has developed *into Sweden's* biggest business scandal of the post-war years.

The earlier opposition of leading Swedish banks to the planned TRI takeover has been removed by the structure of the new bid, under which all of Fermenta's European bank debt — amounting to about $270m—will be paid off in cash.

The balance of the deal will be made through the payment of about SKr 900m in promisory notes by TRI to Fermenta. Some SKr 650m of the notes will be paid off after 18 months, with the remaining SKr 250m being paid off in instalments over seven years.

It is understood, however, that Mr El-Sayed has been in regular contact with Mr Angie Genger, TRI chief executive, and that under an earlier agreement between the two Mr El-Sayed *would have an option* to buy a substantial minority stake in some of the Fermenta animal health and antibiotics operations.

● *Boge, the West German* motor parts supplier, is offering a nominal DM 21m $11.6m) worth of ordinary shares to the public at DM 225 per share. Subscriptions open tomorrow.

Commerzbank, which is lead managing the issue, and Adolf Schindling, another motor components group, will each hold around 10 per cent of Boge's capital, as a long-term investment, Kurt Hocheuser, a Commerzbank board *member, told* a news conference.

Commerzbank bought Boge in March with the aim of floating the shares within the year.

Commerzbank expects Boge to pay a DM 7 a share dividend for 1987. The Boge shares would be eligible for dividend from September 1.

In 1986, Boge posted a net profit of DM 4.6m on sales of DM 506m. Commerzbank estimates Boge's earnings per share at DM 15 for 1987.

Foreign bankers still flock to Frankfurt

BY HAIG SIMONIAN IN FRANKFURT

AT LEAST four more banks are set to join the growing list of institutions trading securities in Frankfurt in the coming months, increasing the pressures on both personnel and office space in the already tight local market.

The newcomers may also make conditions even harder in the domestic and D-Mark *Eurobond markets,* which have been suffering from weak prices and low turnover for some time.

Swiss Cantobank (International), the investment banking arm of the Swiss Cantonal Banks, is already preparing its new Frankfurt operation, having recently bought Deutsch-Schweizerische Bank, a small local unit, from Credit Lyonnais.

Deutsch-Schweizerische Bank has had a choppy history. Originally set up by Swiss interests, the bank passed into Credit Lyonnais's hands when it took over Slavenburgs Bank of the Netherlands in 1983.

The new *owners* intend to develop the operation into a full-scale investment banking operation. Securities trading and private client business will be the two *priorities,* and the present three-person trading team will be increased to about 20, including settlements staff.

There are also plans to build up a fund management business in *Germany,* according to Mr Kurt Meier, chairman of the managing board of the parent bank.

Swiss Cantobank (International), which is 60 per cent owned by the Swiss Cantonal Banks, has already stepped up its role in the London Eurobond market, where it intends to set *up* a specialised trading subsidiary, Swiss Cantobank Securities.

The remaining 40 per cent share in the bank is held by Mr Werner Rey, the Swiss industrialist.

A slightly more surprising name among the planned Frankfurt newcomers is James Capel, the UK stockbroker now owned by Hongkong and Shanghai Bank, which already has a long-standing reputation in London for trading German equities.

Capel has hired Mr Simon Hubbard-Ford, formerly with Merrill Lynch in Frankfurt, to pave the way for a new office in Frankfurt. Details of the new ventures are still vague, however.

Further down the road, two commercial banks—National Westminster Bank of the UK, and Den norske Creditbank (DnC) of Norway—have plans to expand their activities in the Frankfurt securities market.

NatWest is already represented in Germany through Deutsche Westminster, its German commercial banking operation. However, the bank recruited Mr Uwe Flach, head of the capital markets division at Deutsche Genossenschaftsbank (DG Bank) in Frankfurt earlier this year to spearhead a push into *investment* banking and securities.

Mr Flach, who is well-regarded in the Frankfurt market, will be joining the NatWest group toward the end of the year, though he is expected to spend most of his time in London to begin with before turning to Frankfurt early in the new year.

DnC, meanwhile, should soon be applying to the Federal Bank supervisory authority in Berlin for permission to expand its existing Dusseldorf representative office into a full branch in Frankfurt.

The Frankfurt operation will be a full-scale universal bank—suject to regulatory approval—though it will concentrate on securities.

Mr Gisbert Schulz, previously with the Stadtsparkasse Koln (Cologne city savings bank) and an experienced securities man, joined DnC on September 1. Once the bank obtains the necessary authorities, he is expected to move to Frankfurt to head the new operation there, which will initially have about 20 *staff* with *gradual* expansion.

Dealers say the bank intends to capitalise on its nordic experience in selling Scandinavian securities to German investors, while marketing German securities in its home market.

Telefonica plans big share and bond issue

By Our Financial Staff

TELEFONICA, the Spanish telecommunications group which recently raised $375m via a Wall Street share offering, plans a further capital increase to help finance investment totalling about $2.7bn.

The group *intends to raise* about $1.7bn *of this in* the US and Europe, partly through a capital increase and partly through a bond issue. Details should be finalised later this month.

The company said the Spanish Government, which at present holds 47 per cent of Telefonica's capital, would take up its rights to the capital increase.

The newly *raised* funds will be invested in 1988 to extend and modernise the Spanish telephone network. Between 1987 and 1990 Telefonica will invest $10bn to provide 30 main lines per 100 inhabitants, compared with the present 25 lines.

Company officials added that Telefonica could sign a joint-venture agreement with the Soviet Union next month *for the supply* of Spanish telephone call boxes and receivers. The group was also investigating the possibility of buying companies in Latin America, they said.

About 22 per cent of Telefonica's capital is held outside Spain. As well as New York, the company is listed in London, Frankfurt, Paris and Tokyo.

Last year Telefonica's net *profits totalled* Pta 42.2bn ($349m), up from Pta 39.1bn in 1985.

W German bank lifts earnings to DM 45.8m

By David Marsh in Bonn

WEST GERMANY'S IKB bank, which specialises in long-term lending to corporate customers, has maintained buoyant credit business this year in spite of the slackening domestic economy.

The bank, Industriekreditbank - Deutsche Industriebank, which counts among its owners the country's three big commercial banks, reported an 11.8 per cent increase in net profits to DM 45.8m ($25.3m) for the year ended March 1987.

Balance sheet volume in 1986-87 grew 12.9 per cent to DM 18.8bn, with the bank's interest rate surplus rising 13.7 *per cent* to DM 258.1m.

The bank paid out DM 3.8bn in domestic credits during the last business year —the largest volume in its history—with 85 per cent of loans in the long-term category.

In the first five months of the current year, loans paid out totalled DM 1.8bn, running above last year's level.

Mr Alexander von Tippelskirch, one of IKB's board members, said weaker corporate credit demand was having only a limited effect on IKB this year. This was because small- and medium-sized businesses—which make up the lion's share of IKB's clients — were increasing investment funding more than larger companies.

Suchard ahead of targets

BY WILLIAM DULLFORCE IN GENEVA

JACOBS SUCHARD, the Swiss coffee and chocolate group, yesterday reported a 14.5 per cent increase, to about *SFr 2.9bn ($1.95bn),* in first-half consolidated sales. It forecast higher earnings for 1987 as a whole.

Without disclosing a figure, the Zurich-based group said "very satisfactory" first-half financial results had surpassed both budgeted targets and results from the first six months of 1986.

In 1986 Jacobs Suchard achieved a 26.9 per cent climb in net consolidated earnings, to SFr 191m on a SFr 5.23bn turnover, and raised shareholders' dividends from SFr 31 to SFr 32 per registered share and from SFr 155 to SFr 160 per bearer share.

The group's turnover in the first half of this year was lifted by the incorporation of newly acquired companies — E. J. Brach, the US confectionery business, Belgium's Cote d'Or and du Lac of Italy.

Countering this were the decline in green coffee prices and the depreciation of the dollar. At constant exchange rates sales of comparable operations would have dropped by 5.8 per cent against the first half of 1986, Jacobs Suchard estimates. Sales volume would have risen by nearly 11 per cent.

Asko forecasts sharp rise

ASKO, the West German retailer, expects a sharp rise in *profits for* 1987 following strong trading and a tax-free windfall from the *sales of shares, writes* our financial staff.

Net profits for this year are estimated at DM 110m ($61m). Profits from retailing are expected to jump from DM 27.3m to DM 60m, but Asko is also taking in DM 50m from the sale *of shares* to *Massa,* another German retail group which recently became an Asko affiliate.

Nippon Sogo Lease goes bankrupt with Y28bn debts

BY STEFAN WAGSTYL IN TOKYO

NIPPON SOGO LEASE, a Tokyo finance company which formerly specialised in leasing gaming machines, has gone bankrupt with estimated debts of Y28bn (US$196m). The company's assets—mainly property—were yesterday estimated at Y20bn by Teikoku Data Bank, a banking research company.

It is the third case this month of a sizeable Japanese company getting into financial trouble, but bankers in Tokyo emphasised that the Nippon Sogo bankruptcy bore no relation to the crisis surrounding Tateho Chemical Industries.

Tateho, which has depended more on speculative financial activities (zaitech) than chemicals for its profits in recent years, is seeking rescue finance from its banks after heavy losses on bond futures trading. Last week, Kanagawa prefecture's Labour Credit Association revealed book losses of Y10bn on its investment activities.

Nippon Sogo was established in 1979. It expanded rapidly and had a turnover of Y8bn in 1983-84. But sales suffered from a decline in popularity in the company's machines and fell to Y2.5bn in the year to July 1986. The company withdrew from leasing to concentrate on consumer and real estate finance but its debts and interest costs continued to mount.

Teikoku Data Bank, which disclosed the bankruptcy yesterday, said the default would have a negligible impact on Hokkaido Takushoku Bank, Nippon's Sogu's main banker, which had total assets of Y4bn at the end of March 1987.

Ariadne net profits jump to A$142m

BY CHRIS SHERWELL IN SYDNEY

ARIADNE, the principal Australian business arm of New Zealand entrepreneur Mr Bruce Judge, yesterday reported an after-tax profit of A$142.2m (US$103.6m) for the year to June on a gross turnover of A$1.18bn.

The profit figure is more than two-and-a-half times the previous year's earnings of A$55m, achieved on a turnover of A$982m. Mr Judge said the gains "reflected the solid operating base established by the group during the past 12 months."

The results coincide with a period when Mr Judge's much-vaunted restructuring of Ariadne's interests has come under intense scrutiny from the market and left the company's share price lagging.

Mr Judge said that, as a result of a complete reorganisation of the group, four key operational divisions—property, industrial, resources and financial services—were in place.

Each had target earnings streams of "at least A$50m a year," and future success would depend on these core businesses and "entrepreneurial profits through taking strategic investments in companies." The record earnings of the past two years would be maintained in the current year, he predicted.

Ariadne's principal resources interest is a controlling stake in Giant Resources, now headed by Mr Bob Needham, formerly of Placer Pacific. Last month Giant tried, but failed, to thwart a Canadian merger between Placer Development and Dome Mines.

In financial services, Ariadne has linked up with Mr William Simon, the former US Treasury Secretary, to acquire control of two savings and loans associations and an interest in a Hawaiian bank.

According to Mr Judge, Ariadne's property division has assets valued in excess of A$200m over costs. Its most important investment is a 50 per cent interest in the Sanctuary Cove resort development on Queensland's Gold Coast south of Brisbane.

Yesterday's figures showed earnings per share had increased to 31 cents from 18.6 cents on increased capital and the group announced an increased dividend of 10 cents for the year, compared to 7.5 cents.

Strong Australian dollar hits earnings at MIM

BY OUR SYDNEY CORRESPONDENT

MIM HOLDINGS, the Australian base metals and gold mining house, yesterday reported static after-tax profits of A$48.5m (US$35.3m) for the year to July 5 on a marginal increase in turnover to A$1.45bn.

The announcement came three days after a major shareholder, Asarco of the US—in which MIM has a 24 per cent crossholding — announced it would be reducing its stake in MIM from 34.9 per cent to 19 per cent through an international share offering.

MIM said the recent strengthening of copper, silver, lead and zinc prices had come too late in the year to have a significant effect on the results, while international coal prices had fallen throughout the year.

The group's coal division sustained an operating loss in the second half, but record tonnages of ore were processed at the group's Mount Isa mine, resulting in a record zinc concentrate output.

Overall, however, the stronger Australian dollar had reduced revenues, while total government taxes and charges had increased.

On its gold operations, MIM said a "few outstanding matters" with the Port Moresby government were still to be resolved before the Highlands Gold float of its Papua New Guinea gold interests could proceed.

On the Asarco disposal, which will net the company a pre-tax profit of US$230m, Sir Bruce Watson, MIM's chairman, said that the group welcomed the strengthening of Asarco's financial position which the sale would achieve. He rejected suggestions that the decision made MIM more vulnerable

BHP to run Ok Tedi project

BROKEN HILL Proprietary (BHP) will become the managing shareholder of the 1bn kina ($1.13bn) Ok Tedi gold-copper project in Papua New Guinea from October 1, said Ok Tedi Mining (OTML), the operating company, Reuter reports from Melbourne.

BHP will manage the mine, in the rugged Star Mountains near the West Irian border, for an initial two years with provisions for extensions. The appointment follows a management agreement reached between BHP, OTML and its shareholders.

OTML is owned 30 per cent each by BHP and Amoco Corp, 20 per cent by the Papua New Guinea Government, 7.5 per cent each by Metallgeselischaft and Degussa AG, and 5 per cent by the state-owned West German Development Company.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Italy launches $1bn fixed-rate bond

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

ONE OF THE largest fixed-rate bonds ever brought to the Eurobond market, a $1bn, three-year issue for Italy, was launched yesterday.

Given the turbulence of bond markets worldwide, the issue was said to have met a reasonable reception on its first day. The launch had been anticipated since last Wednesday, after Credit Suisse First Boston won the mandate in competitive bidding.

The bonds were given a 9 per cent coupon and a price of 100.5 to yield, as expected, 60 basis points over the equivalent US Treasury bond. Only two other fixed rate bonds of that size have been launched, an issue of 10-year bonds sold in early-1986 for Canada and of two-year bonds sold late last year for Denmark.

"We expect the issue to become the new benchmark for the short-end of the market in the way that Canada has become the benchmark for the longer end," said Mr Ian Molson, head of syndicate at CSFB. He said the issue had gone extremely well, despite predictions from some quarters that such a large issue would not be a success and should be reduced in size.

The short maturity and realistic pricing had helped, he said. Italian investors had been significant buyers, but almost none of the issue had gone into Japan.

The issue was bid at a discount of 1.35 per cent, just inside its 1.375 per cent total fees. Dealers reported CSFB's bid, good for $25m, was on brokers' screens at that level though CSFB itself insisted other bids were also at the same price.

Lira rescue package, page 2

Dollar rally opens window for issuers

BY STEPHEN FIDLER

WORLD BOND markets staged a recovery yesterday, helped by the rally of the US currency on the foreign exchange markets.

However, there was some disappointment that a more sustained rally did not follow the dollar's strengthening.

By late afternoon, the US Treasury market was not much changed on its levels at Friday's close in New York. Eurodollar bond prices, which did not take part in Friday's rally, were up between 1⅛ and ⅛ firmer.

The rally was enough to provide a window for a number of borrowers in the Eurobond market. Apart from the $1bn deal in dollars for Italy, Xerox Canada Finance launched a C$90m issue through a syndicate led by UBS Securities. The issue carried a high coupon of 11¼ per cent, a five-year maturity and a price of 101½.

The borrower, unusually for current market practice, has decided from now on to use this fixed five-bank syndicate in all future Canadian dollar issues.

Mitsui and Co Financial Service (Australia) issue A$50m, five-year floating rate note. It carried a price of 100.15 and was priced at 45 basis points under the three month Australian bank bill rate. It is puttable by investors at each coupon date at par, although if the put is exercised at the first coupon date, the yield will be 60 basis points below.

A $60m convertible issue was launched for A. L. Williams, a US nsurance and mutual fund company. It is being sold on a best efforts basis through agent broker Nivison Cantrade and is being sponsored by the Jersey firm, the Chandler Partnership.

It carries a 15-year final maturity and indicated coupon of 4.5 per cent and conversion premium of 18 to 22 per cent. There is a put option after to five years to give a yield equivalent to the five-year US Treasury bond.

INTERNATIONAL BONDS

Metallgesellschaft, the metals and engineering group became the latest in a string of West German companies to issue equity-related bonds. Its DM 200m 10-year issue with equity warrants, carrying a 6¼ per cent coupon, a price of 125, and an all-in premium of 26.3 per cent, was led by Deutsche Bank and was well received.

Finland reopened the Danish crown sector for the first time since last Tuesday's election with a DKr 500m seven-year issue carrying a 10½ per cent coupon and a price of 99¾, led by Enskilda Securities and Privatbanken.

The issue was launched as the sector stabilised after turmoil last week following the uncertain outcome of the election.

The Finnish issue traded at discounts about equal to its fees.

In Switzerland, Hidroelectrica Espanola, a Spanish utility borrowing without a government guarantee, made a SFr150m issue led by Union Bank of Switzerland, priced at par with a 5¼ per cent coupon.

Soffex announces initial underlying option stocks

BY DAVID BLACKWELL IN BUERGENSTOCK

SOFFEX, the Swiss Options and Financial Futures Exchange, has announced the initial 11 underlying stocks for its options contracts which will start trading on March 1 next.

The list features: four bank shares—Union Bank of Switzerland, Swiss Bank Corporation, Credit Suisse, and Swiss Volksbank; two insurance securities—Schweizer Ruck, and Zurich; and five industrials—Ciba-Geigy, Hoffman la Roche, Jacobs-Suchard, Nestle, and Sandoz.

Mr Otto Nageli, Soffex chief executive, told the Swiss Commodities and Futures Association meeting at Buergenstock that contracts would be for only five shares as the value of Swiss shares was so high. Settlement will be by physical delivery, although cash settlements will be allowed in an emergency.

The exchange, whose membership includes 55 brokers and 18 market-makers, was well on target for its opening date, said Mr Nageli.

Soffex is 40 per cent owned by the Association Tripartite Bourse, which comprises the Basle, Geneva and Zurich stock exchanges. SBC, Credit Suisse and UBS each own 17 per cent, with Swiss Volksbank and Bank Leu holding 6 per cent and 3 per cent respectively.

The automated trading system will match each trade, which will then be cleared and notified to the trader or broker immediately. Soffex guarantees the transaction from the moment it is cleared.

No off-exchange trading will be allowed,

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on September 14

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All Nippon Air 9⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
American Brands 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 9⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom 7⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom 8⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Campbell Soup 10⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNCA 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 8⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 9 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 8⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 8⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Cred. 10⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Cred. 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Cred. 10⅞ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change on day 0 on week +0⅛

DATASTREAM International.

The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; J. Henry Schroder Wagg and Co.; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

Move to reduce debt by Faber Merlin

By Wong Sulong in Kuala Lumpur

FABER MERLIN, the financially troubled Malaysian hotel and property group, has signed an agreement to sell its 700-room hotel in Kuala Lumpur for 110m ringgit ((US$44m) to reduce its heavy debt burden.

The purchaser, New Straits Times Press, Malaysia's largest newspaper group, will issue 14.15m shares, priced at 7.77 ringgit each, as consideration.

Both Faber Merlin and NST are controlled by Fleet Group, the investment arm of the ruling United Malays National Organisation, Umno.

It is understood Faber Merlin will place the NST shares with institutional investors to raise cash. It said the sale will result in a net saving of 10.5m ringgit annually.

Faber Merlin incurred losses of 82m ringgit for the year 1986 and 1985 because of depressed conditions in the property market and hotel industry. For the year ended June 1986 it had long term loans of 150m ringgit.

The group's most immediate obligation is to redeem 45m ringgit worth of convertible unsecured loan stock which matures this month.

Apart from the Kuala Lumpur hotel, Faber Merlin operates hotels in many other Malaysian cities as well as in Perth in Western Australia, California and Thailand.

Recently, it told the Kuala Lumpur stock exchange that it was having preliminary discussions with a South Pacific island state, believed to be Fiji, on the possibility of operating a casino.

NST said the acquisition of the Kuala Lumpur Merlin, together with an adjacent six-storey office block, will improve net tangible assets of NST shares.

The hotel will continue to be operated by Faber Merlin, which has guaranteed NTS a return of 7.5 per cent on the purchase price.

Date set for Paris bond option trade

DEALING IN Paris of traded bond options contracts, twice postponed this year, will begin in early November, Reuter reports from Buergenstock.

Mr Gerard de la Martiniere, chairman of the Paris Marche a Terme des Instruments Financiers (Matif), said yesterday that the exchange was also sticking to plans to follow the new bond options with a stock index contract and a contract on the Ecu/dollar, both likely next year.

The Ecu/dollar contract is intended to give the exchange experience of a currency contract so it could move quickly to a French franc contract, once a long-standing ban on lending francs to non-residents is lifted by parliament.

Options were due to be introduced in mid-June but postponed until September 3, and then put off again after Matif's computer system had problems coping with the sharp and unexpected increase in volume on the exchange.

Mr de la Martiniere said volume was now running at a daily average of around 90,000 contracts, up from just 25,000 or so early this year. By the end of 1987, with the inclusion of the new contract, it could be averaging as much as 200,000 and on busy days could go much higher.

To cope with the increased volume, Matif would upgrade its existing computer system in time for the introduction of the new options contract.

It would follow with the gradual introduction of new software and hardware which would be able to cope with peak volume

£75m facility for Electronic Rentals Group

By Our Euromarkets Staff

ELECTRONIC ... RENTALS Group, the UK consumer electronics concern, has mandated County NatWest to arrange a £75m multi-option facility including a £50m committed credit.

The five-year facility, enabling the borrower to receive advances and issue acceptances, carries underwriting fees of 8 basis points on the "available" half of the committed portion and 6 basis points on the "unavailable."

The maximum margin over the London interbang offered rate over the eligible bill rate is 15 basis points, and there is a utilisation fee of 5 basis points if the facility is more than half used.

Itoman to build Canadian resort

ITOMAN, THE Japanese trading company, has purchased the Harrison Hotel, about 130 km east of Vancouver, at a cost of C$150m (US$113m), Kyodo reports from Tokyo.

Attracted by the strong yen, Itoman intends to develop the luxury hotel, situated beside Lake Harrison, into a resort for Japanese travellers.

IFC discloses plan to bundle debt/equity swaps into portfolio

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE International Finance Corporation is discussing with several developing countries the establishment of funds which would channel debt/equity swaps into a portfolio of equities rather than individual investments.

Sir William Ryrie, executive vice president, disclosed this yesterday in London on the publication of the annual report of the IFC, a World Bank affiliate which promotes private sector investment in developing which investment in developing countries.

A Philippine debt/equity swap fund has already been established, but its launch has been delayed by several factors. Sir William said the countries with which discussions are under way include Chile and Mexico — countries which already have well-established debt/equity swap programmes.

Banks tendering their loans would receive a share in the fund with a value which would take into account the discount at which the borrower's debt is traded in the secondary market.

The fund would take over the claim and its manager would determine the investments to be made. As in normal swaps, the fund would be paid local currency in exchange for the loans and invest it in the target companies.

The difficulties faced by such projects, however, are suggested by the Philippine experience. There have been long arguments over the accounting treatment by US banks of shares in the fund. On the other side there have been prolonged discussions with the Philippines on exactly what types of investments the fund may make.

Sir William said the funds were an attempt to "wholesale" debt equity swaps. Some $6bn worth have so far been completed on an individual basis, of which $2bn in Chile. Swaps, he said, represent part of the IFC's thrust to promote equity investment.

Sir William Ryrie: attempt to wholesale equity swaps

The IFC reported that its net income more than doubled in the year ended June 30 1987 from $25.4m to $53.8m. Noting that the IFC was not a "profit-maximising" organisation, he said the unusual increase was due to capital gains from the sale of mature equity investments in Brazil, South Korea and other countries in Asia and Latin America.

The rise in profit follows a $20m expansion in the corporation's provision for losses to $198m, 10.5 per cent of its disbursed portfolio. Sir William said the increase was the result of a hard review of specific investments rather than a general deterioration of credit quality.

He suggested that the overall Third World debt problem would "stagger on" from periods of relative stability to moments of crisis, while remaining within the control of the international financial community. But because banks were not providing sufficient financing to sustain growth, private investment must be increased from the $10bn annual level at which foreign direct investment in developing countries has been running in recent years.

The reluctance of banks to commit new funds, even in partnership with the IFC, was reflected in a drop from $1.16bn to $920m in the value of new investments approved during the year, though the number of projects these represented rose from 85 to 92 of which the total cost is $4.34bn.

The IFC's net disbursements were virtually unchanged at $328m and the total when other participants are added was only slightly up at $493m. Sir William said this reflected borrowers' cancellations of loans previously contracted at higher fixed interest rates, and that net disbursements should resume their growth this year.

Among initiatives recently launched by the IFC are an African Management Services Company, designed to strengthen the management of African companies through the secondment of personnel from companies in the industrialised world, who will be among the new company's shareholders. Coopers & Lybrand, the accountancy firm, is injecting $500,000 for a 10 per cent stake and will manage it.

The IFC has introduced new lending instruments for borrowers in developing countries which allow them to use financial techniques such as swaps and floating rate loans with caps.

After establishing direct investment funds for countries such as Korea and an Emerging Markets Growth Fund, the IFC is also discussing two possible funds for investment in Brazil which, Sir William noted, is still allowing dividends to be paid although bank interest has been suspended.

HK $2.4bn sales by Hongkong Land

HONGKONG LAND has agreed to sell two large commercial properties on Hong Kong island to Chinese Estates for HK$2.4bn (US$397m), Reuter reports from Hong Kong.

The two companies said that HK Land would sell the 39-storey Windsor House and the 27-storey Harcourt House at a price of more than HK$1,960 per sq ft.

HK Land said it will record an extraordinary profit of HK$1.6bn on the sale and increase shareholders' funds by HK$500m. Its net debt, which stood at HK$6.2bn at the end of 1986, will fall to HK$2bn after the sale.

Chinese Estates paid a 15 per cent non-refundable deposit. The transaction is to be completed by December 10.

Whitbread to acquire J Burrough

Whitbread, the brewing and retailing group, is to acquire James Burrough, the family-controlled distiller of Beefeater Gin and Borzoi Vodka for around £170m, writes Lisa Wood.

A majority of James Burrough shareholders have accepted the offer which will be met by a combination of cash or loan notes and the issue of 30.4m Whitbread shares.

The acquisition brings Whitbread, a small player in the international drinks market, a major internationally-selling gin brand in a marketplace where white spirits is one of the few growth areas in a static liquor market. In addition it will strengthen its activities in the US.

James Burrough, whose Beefeater Gin sells around 2.2m cases a year, is quoted on the over-the-counter market run by investment bankers Granville and Co where last week it was valued at around £62m.

The company recently reported record profits of £9.4m on sales of £63m for the year to February.

Whitbread's wine, spirits and soft drinks division is the smallest of its three major operating divisions. In the year to February it accounted for £337.5m of a group turnover of £1.55bn and some £26.5m of group profits which at £158.9m were up by 16 per cent on the previous year.

The company's major wholly-owned brand, Long John Scotch sells around 1.4m cases a year. In addition Whitbread is the agent for a number of major brands including Cutty Sark Scotch whisky in the US.

Norman Burrough, chairman of James Burrough, said the international drinks market had changed so much that the board felt it needed to be part of a larger organisation to continue the development of its brands.

Following the acquisition Whitbread's wholly-owned spirits business, Long John International, will be merged with James Burrough to form a single operation under the James Burrough name.

Mr Norman Burrough will become a non-executive director of Whitbread and will be chairman of James Burrough. Mr Tony Derry, chairman and managing director of Long John International, will be managing director of the combined business.

Whitbread's share price closed at 324p, down 11p, yesterday.

Beefeater leads parade into US market

BY LISA WOOD

AFTER two years of courtship Whitbread, the UK drinks and retailing company, yesterday won the hand of James Burrough, the family-controlled distiller.

A generous price, said City analysts of the £170m deal which has been accepted irrevocably by the majority of James Burrough shareholders. However, it is a deal which Whitbread has pursued with some vigour and which has three major attractions for the group:

First, it brings it Beefeater Gin, a significant brand in a marketplace where white spirits is one of the few growth areas. Second, Beefeater's strong presence in the US will reinforce Whitbread's move into that market. And third, Whitbread will give its own liquor business much greater international marketing clout by combining it with the Burroughs operation.

Whitbread, a relatively small player in the international liquor business, has been seeking to build its branded spirits business at a time when its competitors, such as Grand Metropolitan's IDV, Allied-Lyons and Guinness have taken a more aggressive stance.

Whitbread's relative inaction in the international takeover game has provoked some City analysts to question the group's long term interest in the field. But Mr Peter Jarvis, Whitbread's managing director, said the group had done quite a lot in the past 18 months to indicate the opposite.

Most recently, Whitbread announced a long term venture reinforcing trading agreements with Benedictine over US sales rights for the liqueur. As for the James Burrough acquisition, Mr Jarvis said: "We have been waiting for the right opportunity. We have been close to James Burrough for a number of years." The acquisition, he added, was in line with Whitbread's general strategy. "We are very keen on acquiring brands which have a consumer franchise, like Pizza Hut."

At some £337.5m, wines, spirits and soft drinks sales in 1987 were the smallest part of Whitbread's three major constituent parts, which also comprise retailing and brewing. In 1987 James Burrough made a record pre-tax profit of £9.39m on a turnover of £62.7m including duty. Beefeater sales accounted for over 80 per cent of sales. Other James Burrough products include Borzoi vodka.

The difficult but large US liquor market accounts for about one third of Whitbread wine and spirits sales. However, Whitbread's activities in the US, which it entered in 1982 with the acquisition of Julius Wile, have been fraught with difficulty. For example, in 1984 it bought Buckingham Corporation, which brought it the agency for Cutty Sark, the number three selling Scotch whisky brand.

At the time Buckingham held the agencies for Mouton Cadet wines and Finlandia vodka, which together represented one third of sales volume. However, these two brand agencies were withdrawn by their respective brand owners shortly after the acquisition.

The issue is still in the throes of litigation and gave rise to questions among City analysts about Whitbread's judgment in developing its US business.

Mr John Spicer, of Kleinwort Grieveson, said: "Whitbread ended up with quite a big distribution network with only one big brand, Cutty Sark." Beefeater Gin, however, is a major brand in the US, being the second best selling imported gin after Tanquaray. The acquisition, therefore, brings greater critical mass to Whitbread's US operation.

However, Beefeater is distributed by KoBrand, a US distributor. Both Whitbread and James Burrough were cagey yesterday over whether or not Whitbread would eventually take over the distributorship of Beefeater in the US. All existing contractual obligations are to be honoured.

Mr Spicer said: "Certainly it would make a significant impact if Whitbread managed to merge its US operations in the future."

While acknowledging the importance of the US market for its liquor activities, Whitbread chose yesterday to emphasise the significance of merging its Long John International liquor business with James Burrough. They will be combined under the James Burrough name with all the two companies' brands, excluding the US, marketed by the new business.

Mr Jarvis said: "This is a genuine merger of the two businesses which employ similar numbers of people and deal in a similar number of cases."

According to Burrough, the size of Whitbread's liquor activities played a part in sealing the deal: "We liked the idea of being involved with a big company but not one that was too big on the spirits side. This gives us the opportunity to have a hand in developing the new business."

The US accounts for about half of James Burrough's exports—with Beefeater Gin accounting for most of the sales. Earlier this year threatened US tariff increases on key European food and drink exports were forecast to have a severe effect on Beefeater.

Burrough said the threat had further concentrated the mind of its board and "We feel we could make bettter progress as part of a much bigger group."

The combined businesses will not, however, have the same critical mass or spread of brands as some of Whitbrand's major competitors in an increasingly global spirits market.

But the Burrough acquisition may be the first indication of a much higher profile by the company in the international liquor marketplace.

Mr Jarvis said Beefeater was a "gem of a brand" and hinted other brand acquisitions could follow if the right opportunity presented itself.

Redland Burns-Anderson

Burns-Anderson, the diversified financial services group, announced yesterday that it has received a new, higher offer for its Knibbs subsidiary.

The original deal envisaged selling the company to Dean Smith Garages for £825,000, net of a £550,000 dividend to be paid by Knibbs to the company. Since then, the company has received further approaches and now plans to sells Knibbs to D. C. Cook, the Nissan dealer which recently came to the Unlisted Securities Market for £1.675m—again net of the same dividend.

Ward White profits near doubled in first half

By David Waller

A strong performance at Halfords, Payless and Whitlock helped Ward White's pre-tax profits rise by £9.9m to £20.1m for the six months to the end of July, an increase of 97 per cent.

"This was a good performance achieved against an indifferent UK retail scene," said Mr Philip Birch, chairman of the acquisitive retail conglomerate. "We hope that the figures show that we are capable of developing businesses, as well as just buying them."

Similar

Of the more than doubled increase in operating profits, approximately half came from Whitlock, the auto-parts distributor bought last December as part of the £170m acquisition of LCP Holdings.

Together with Rose Autos, a smaller but similar company based in Florida, Whitlock contributed £6m to total operating profits of £25.7m (£12.2m), on turnover of £48.2m.

In the UK, profits from Payless — the DIY chain bought from Marley in April 1986—rose by £3.2m to £9.2m, on turnover of £84m (£48.2m). Halfords, bought from Burmah in 1984, made £4m, on £71.9m turnover (£61.9m), more than double the profit achieved in the first half last year.

These three divisions contributed 76 per cent of operating profits and 56 per cent of total sales of £365m and, according to Mr Birch, are to be regarded as the "engine-room of the company's future growth."

Capital

Some three-quarters of this year's £38m capital expenditure programme will be directed towards Payless and Halfords, and £3m will be spent on introducing Electronic Point of Sale computer systems to the Whitlock stores—an investment which will pay for itself within a year, Mr Birch said.

After interest of £6.7m (£3.4m), tax of £7.1m (£3.4m), and dividends payable to preference shareholders of £4.4m (£1.2m) fully diluted earnings per share worked out out at 7.59p (5.75p). The dividend was increased from 2.25p to 2.60p per ordinary share.

Ward White intends to launch a £50m commercial paper programme.

● comment

After much mutation, Ward White has achieved a measure of corporate tranquality, and in future it will concentrate its energies on just three parts of its disparate empire: Halfords, Payless and Whitlock. Profits at the first two of these increased by a more than creditable amount in the traditionally slack first half, and Whitlock is likely to respond to a tightening-up of the stock range and to the introduction of EPOS. Owen Owen and Zodiac—which did little better than break-even in the first half—should respond to the efforts of new management, but the restless Mr Birch is unlikely to be happy until he has applied his deal-making skills to getting rid of the US shoe-retailing businesses, and LCP's property business. Down 13p on profit-taking yesterday to 407p, the shares are on a prospective p/e of 15—a discount to the sector. This seems less justifiable now that future acquisitions are more likely to be for cash in the US than for shares.

Mountleigh victorious in bid battle for PFPUT

BY NIKKI TAIT

A six-month struggle for control of the £223m Pension Fund Property Unit Trust yesterday ended in victory for Mountleigh, the aggressive property company headed by Mr Tony Clegg—but only after it upped its offer by £7.5m to £271m in the face of a rival bid from Banque Paribas Capital Markets and Tops Estates.

The future of PFPUT has been settled against the background of rapidly rising City property values, and the final price represents a 44 per cent increase on the £187.7m opening offer from shipping and property group, Trafalgar House, which was rejected in June. Back in March, the portfolio—which includes large office properties in Gracechurch Street and Finsbury Square—was valued at £187.8m; the the latest August valuation put it at £228m.

Yesterday's decision followed a 2½-hour meeting of unitholders—the third time they have congregated to discuss the trust's future. On the table when they arrived were bids from Mountleigh and Tops/BPCM, at £263m and £270m respectively. Mountleigh was offering cash-only and is expected to break up the portfolio; the Tops/BPCM offer, which arrived on Friday evening, offered a choice—cash, or shares in a new company which would take on the PFPUT portfolio and would be managed by Tops.

When the meeting opened, Mr Dennis Marler, PFPUT's chairman said that Mountleigh had offered to increase its terms to £271m — equivalent to £3,362.94p a unit, of which £3,300 will be paid in early-October—provided unitholders voted to accept the bid that day. If they did not, Mountleigh would revert to its earlier £263m offer. PFPUT's committee of management agreed to recommend the new terms.

For 90 minutes, unitholders tussled with the merits of the two deals—the problem being that the Tops offer remained subject to contract and certain conditions, but that a number of unitholders clearly wished to remain with the PFPUT portfolio. An adjournment until next Tuesday was finally proposed, despite the Clegg deadline. But that brought a threat of resignation from Mr Marler and was heavily defeated on a show of hands.

Instead, the revised Mountleigh deal was finally put to the meeting—and comfortably cruised through with 60,074 votes for (83.4 per cent), with 11,941 against. The votes cast — including proxies, heavily pro-Mountleigh — represented 93.9 per cent of the total possible. A second motion, to distribute the Mountleigh proceeds to unitholders, was carried unanimously on a show of hands.

Afterwards, Mr Marler said he was relieved that the struggle was over, and that unit holders had got "an outstanding price." PFPUT was the first British property unit trust, set up in 1966 and designed to give pension funds the opportunity to invest directly in property.

The rate return on assets, however, averaged, only 13.2 per cent during 1977-86, compared with around 24.8 per cent on equities, leaving it vulnerable to predators when City prices started to move ahead. The first bidder, Trafalgar, raised its offer three times and there has subsequently been considerable interest in the portfolio, although Mr Marler said most buyers fell away at the £250m-level. Attention is now set to shift to a second property unit trust—the Fleming fund, which is similar in size to PFPUT—where bids are due to close at noon on Thursday.

Brent Chemicals 40% higher

Brent Chemicals International, manufacturer of industrial chemicals, reported a 40 per cent increase from £3.21m to £4.5m in pre-tax profits for the six months ended June 30, 1987.

Sir Peter Lane, chairman, said the group made excellent progress in the first six months. The growth was led by the group's international aerospace, printed circuit board and packaging operations.

Sales and profits on a comparable basis, adjusted for the effect of recent acquisitions, were significantly ahead, and the acquisitions made in late 1986 and early 1987 performed well.

On future prospects, Sir Peter said the policy of developing and broadening the scope of the company's technology and operations throughout the world will enable Brent to continue to achieve an above-average growth rate organically and through apropriate acquisitions.

Sales in the first half advanced 29 per cent from £27.9m to £36.07m; interest payable was sharply down from £325,000 to £80,000. The tax charge was £1.62m (£1.12m) and minority interests £60,000 (£47,000). Attributable profits were £2.83m (£2.04m) for earnings of 5.4p (4.5p) per 10p share.

The interim dividend is increased from 1p to 1.1p; last year's total was 4.6p.

● comment

A loss of £175,000 at Blancome Brent in France has prevented Brent Chemicals from being able to sustain the 13.2 per cent trading margin achieved overall for 1986. This suggests that margins for 1987 will be checked at last year's level. Within the key businesses, the resumption of growth in the US printed circuit board industry since the third quarter of 1986 has led to rising volume demand while enabling Brent's high margins to be maintained. The growing number of aircraft, both in the air and in production, has led to increased use of the company's non-destructive testing chemicals; and graphics, both inks and printing plates, has also seen good rises in the UK. However, in the brewing and dairy main parts of Redish just under a fifth of trading profits), growth prospects look limited. Acquisitions remain a possibility — the company will be cash positive at the year-end—but the City is a little sceptical of Brent finding the right kind of fit for its niche and service-oriented business. On forecasts of £10m, the shares, down 13p at 202p, are on a prospective p/e of 16¼, which leaves little headroom.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims: Abelscot, Brixton Estate, Croda International, Falcon Industries, Fisons, Hall Engineering, Iceland Frozen Foods, International Business Communications, London and Scottish Marine Oil, Magnolia (Mouldings), Bernard Matthews, Next, Scottish Heritable Trust, Shires Investment, Stewart Wrightson, T and S Stores, Travis and Arnold, Willis Faber.

Finals: Airpour Trust, Benchmark, CALA, Chambers and Fergus, Consolidated Gold Fields, Consolidated Plantations, Macro 4, Mezzanine Capital, Miller and Santhouse, Precious Metals Trust, George H. Scholes, Sigmex International.

FUTURE DATES

Interims—	
Boddington	Sept 25
Clarke Nicholls and Coombs	Sept 17
Corah	Sept 17
Dinkie Heel	Sept 18
Filofax	Sept 22
Hampden Homecare	Sept 23
Holt (Joseph)	Sept 29
Kellock Trust	Sept 21
Lorin Electronics	Sept 24
Mackay (Hugh)	Sept 16
Martin Currie Pacific Trust	Sept 22
Meggitt	Sept 28
RMC	Sept 24
Rugby	Sept 28
TV-am	Sept 24
Tibbett and Britten	Sept 23
Usher (Frank)	Oct 6
Finals—	
McKechnie	Oct 28
Tyr Investment Trust	Sept 17

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Accord Pub‡ ....int	0.8	Nov 1	—	—	2.3
Brake Bros ....int	0.8	Jan 4	—	—	1
Brent Chemical Int int†	1.1	Nov 23	1	—	4.6
Dalgety	8	Jan 4	7.5	14	13
S. Daniels ....int	1.25	Oct 22	—	—	—
EIS Group ....int	2.2	Dec 31	2	—	7.5
GT Japan Invest	1.3**	—	1	1.7**	1.4
Lodge Care‡ ....int	0.5	—	—	—	2
Lowe Howard-Spink int	3.4	Nov 9	2.7	—	8
Merivale Moore	3	—	—	4.5	3
Myson Group ....int	2	Nov 6	1.52	—	4
Palmerston Inv	8	—	4	10	5
Ryan Hotels	0.5‖	—	0.5	—	1.5
Sheafbank	0.5	—	0.5	0.5	0.5
Suter ....int	1.5	Nov 27	1.17*	—	3.5*
Simon Engineering int	2.7	—	2.7	—	11.5
Systems Reliability int	1.7	—	1.7	—	5
Ward White ....int	2.6	Dec 12	2.25	—	7.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Irish pence. ** Includes special dividend of 0.3.

KCA Drilling

KCA Drilling announced that in view of the accumulated deficit in the group's distributable reserves, it was unable to apply profits to the payment of dividends until that deficit had been elimianted. The company said it was considering a number of schemes to elimnate the deficit.

In the meantime, the company reported increased pre-tax profits for the six months to June 30 1987 with figures of £2.05m compared with £1.21m. Group turnover was down from £15.25m to £13.59m. Operating profits were lower at £3.05m against £3.86m.

After tax of £347,000 (£749,000), stated earnings per share were 2.13p against 0.57p.

The directors said UK operations had continued to trade satisfactorily.

UK COMPANY NEWS

Albert Fisher expands in Canada

By Clay Harris

Albert Fisher Group yesterday added Vancouver to its North American ports of call with the agreement to buy Pacific Produce, a fresh fruit and vegetable distributor, for up to C$7.7m (£3.45m).

Pacific supplies 75 per cent of the cruise lines using the Canadian port. Fisher, the diversified food processing, distribution and services group, already services cruise lines which call at four ports in Florida and two in California.

Mr Tony Millar, chief executive, said that the acquistion would allow Fisher to market integrated catering contracts to cruise lines. Among the operators already served by Fisher are Carnival, Princess and Normandy.

The Pacific group also processes and packages produce for shore-based caterers including hotels and fast-food outlets. It also packs fresh vegetables and operates five specialist produce retailers.

After adjusting for non-recurring expenditure, Pacific achieved pre-tax profits of C$750,000 on turnover of C$62.8m in the year to October 11.

The initial C$2.5m payment comprises C$1.75m in cash and 165,182 Fisher shares. Additional payment of up to C$5m will be based on profits to August 31 1989.

Ryan Hotels loss increases to I£0.7m

Ryan Hotels, the Irish hotel, tour and travel operator, increased pre-tax losses to I£735,000 for the six months to April 30 1987 compared with last year's loss of I£556,000 on turnover up from I£5.04m to I£5.99m.

The directors said that the high rates of interest were the principal single contributor to the increased loss.

Overseas tourism was approaching 1985 levels, but there had been a significant fall in the home market due to a reduction in disposable incomes and this would have an effect on profits for the year as a whole.

Interest came to I£385,000 (I£221,000). The loss per 5p share rose to 2.12p (1.61p).

An unchanged interim dividend of 0.5p was declared.

NEI lifts stake in Victor Products

Shares in Victor Products, the Tyneside-based industrial and mining equipment company jumped 21p to 173p on news that Northern Engineering Industries, has increased its stake to 1.268m shares or 16.53 per cent. NEI previously held 11.1 per cent.

NEI first disclosed a stake in July, but said at the time that it had held an interest in Victor — geographically a close neighbour—just below the 5 per cent level for some time. Victor also saw Sydney-based investment company, Overseas Corporate Funds, climb on to its share register with a 5.1 per cent interest earlier this year.

Intereurope Tech rises to £1.8m

Intereurope Technology Services, Wokingham-based producer of technical documentation, increased pre-tax profits by 10 per cent from £1.63m for the year ending June 30 1987.

Turnover increased to £11.9m (£10.17m) mainly in overseas markets with a 42 ? growth in engineering design and manufacture. Taxation amounted to £638,000 (£633,000) and extraordinaryl items were £46,000 (nil). Earnings per 20p share increased to 23.26p (20p). The directors recommend a final dividend of 4.4p (4p) making 6.4 (5.8p) for the year.

Fine Art

FINE ART DEVELOPMENTS has paid £2.6m for Geest's garden products division. The Hortico, Lowland and Spalding bulb catalogues will join the Bees of Chester label already sold by Fine Art through its Sealand subsidiary to provide total horticultural sales of over £10m.

Stakis to acquire Robert Wigram

Stakis, the hotels, casino and property group, is to acquire the London stockbroking firm of Robert Wigram. The agreed consideration will be a maximum of £4.7m to be satisfied by the issue of up to 3.7m new ordinary shares.

The company announced yesterday that the acquisition was a natural complement to its own existing financial services activities which are carried on through Mannin Invest and will provide improved facilities for clients.

MAI expansion

MAI (financial, media and information services group) has acquired through its wholesale broking division 85 per cent of the issued share capital of Bodd Shortloan for £1.2m cash. Bodd, based in Oslo, is a foreign exchange and currency deposits broker and will complement the group's broking business in Copenhagen.

Lowe Howard $25m US purchase

BY PHILIP COGGAN

Lowe Howard Spink & Bell, the advertising group, is buying Laurence, Charles, Free & Lawson, a US advertising agency as the American leg of its second international network of agencies.

LCF&L will link up with Allen, Brady & Marsh, the UK agency with Lowe acquired last year and the group hopes to purchase a European arm over the next year or so. The strategy behind building a second network is to allow Lowe to attract blue chip clients interested in agencies with particular strengths in marketing, planning and research.

LCF&L showed a substantial jump in pre-tax profits last year to $3.06m after several years of flat or declining earnings. This year, the group has warranted pre-tax profits of not less than $3.9m. Its major clients include American Brands, Bristol Myers and Macdonalds.

Initial consideration for the group will be $24.75m, which will be financed by the issue of 4.4m shares, 21 per cent of the existing equity, at 500p per share. The shares will be conditionally placed with institutions, subject to a clawback by shareholders on the basis of one new share for every 3.5 existing shares.

Further consideration will be payable to the vendors, dependent on future profits.

Lowe accompanied the news with the announcement of its interim results for the six months ended June 30, which showed pre-tax profits up 48 per cent to £4.75m (£3.2m) on turnover 89 per cent higher at £136.7m (£72.3m).

In September last year, Lowe agreed to buy Good Relations, the public relations company, which now forms the basis of the group's Lowe Bell Communications division. Mr Frank Lowe, chairman, said that Lowe Bell Communications had achieved solid, and in some cases, outstanding growth and had benefited from cross referrals from other parts of the group.

Mr Allen Chevalier, formerly deputy chairman of Saatchi and Saatchi Compton International, was appointed last week as the managing director of Lowe International. Mr Lowe said the appointment of a Frenchman indicated that the group was determined to build a European company. The company made major account gains in London, Belgium, Italy and North America in the first half.

After taxation of £1.9m (£1.38m), earnings per share were 21 per cent higher at 13.83p (11.46p).

● comment

Lowe, Howard-Spink and Bell has often been compared with Saatchi and Saatchi in its ambitions to build an international advertising group, although judging by the latter's recent interest in Midland Bank, Lowe will have its work cut out to keep up. The latest acquisition, on a historic p/e of around 10 looks a good deal, although the dependence on a few major clients carries the risk of a hiccup one day; the prospect of extra stock on the market caused only a 4p dip in the share price to 526p. Good Relations looks a better purchase than might have been expected when the PR group was losing a succession of its senior employees; some of the other buys have yet to prove themselves. But assuming full year pre-tax profits of £10.5m, that could rise to £38.5m next year after adding in Laurence, Charles. If so, Lowe will maintain its 25 per cent annual EPS growth target and the prospective p/e will fall to 13.5—not a demanding rating for this sector.

Buchanan to take control of Stonehill

Shares in Stonehill Holdings, the loss-making furniture manufacturer, returned from suspension 11p higher at 98p yesterday, on news that Guernsey-based investment manager Mr James Buchanan, is to buy a controlling stake in the business and plans to raise £3.2m to fund a reorganisation.

Mr Buchanan is advised by Ifincorp Earl, the mini-merchant bank and de-merger specialist, and is making a bid for 51 per cent of Stonehill as part of a consortium comprising International Marketing and Distribution, a company controlled by Mr Buchanan and Clarendon Investments. The offer is at 30p a share and values Stonehill at £1.68m. Yesterday, Ifincorp Earl said that Mr Buchanan had been an underwriter on al three of its de-merger bids — for Extel, London and Northern, and Nolton.

Stonehill makes a mixture of household and office furniture with its operations now concentrated in North London. Margins were squeezed sharply in 1985-86 when it just broke even, and in the following year to April 5, 1987, it saw a £2.2m loss before tax. Among its problems, according to Ifincorp Earl, has been a downturn in orders from Harris Queensway. Net assets in April were put at £5.2m.

The offer has the backing of certain members of the Steinberg family, who run Stonehill and control 56 per cent of its shares. They have agreed to accept in respect of at least 51 per cent of Stonehill's equity.

The company plans to raise the £3.2m via a two for one right issue at 30p, with the money going towards reorganisation, new working capital and a possible reduction in borrowings. Ifincorp Earl is underwriting the cash call.

Once in control, the consortium says it intends to sort out the core business, by appointing new key managers and "introducing new design capabilities." However, yesterday its advisers conceded that "bolt-on" acquisitions might be considered — possibly in the financial services field.

Shares in Stonehill were suspended in June after one set of abortive talks got underway. Since then, the company says it has considered other proposals from a number of other parties.

Mowlem to sell US offshoot

BY TERRY POVEY

John Mowlem has put Buehler International, its US instrumentation and materials analysis compounds manufacturing subsidiary, up for sale.

The UK construction, property and engineering group raised $13.9m (£8.5m) by floating 24 per cent of Beuhler on the American over-the-counter market in December, 1985. Mowlem, after consultation with the management of Buehler, is asking for bids for the remaining 76 per cent.

The profit record of Buehler has been mixed since it was floated—falling to £2.5m, 7 per cent of the group total in 1986, before interest and central costs, from £5.6m in the previous year, on sales almost static at £43m.

Commenting on this "disappointing" profit fall, Mowlem said in May that Buehler "has encountered difficult trading conditions in its markets" adding that "steps have been taken to improve its competitiveness."

Yesterday Mowlem indicated that Buehler did not fit in with its long-term plans and said that it expected to complete the sale before its December year-end. At Monday's closing price of $9.25, $1.75 below the 1985 floatation price, Mowlem's stake in Buehler is worth almost $36m.

British Gas chairman in Bow Valley meet

British Gas chairman, Sir Denis Rooke, and his opposite number at Bow Valley Industries, Mr Daryl Seaman, are to meet with the Canadian oil and gas company's major shareholders this week in an attempt to overcome opposition to the newly-privatised utility's proposed acquisition of a controlling interest in the Calgary-based firm.

Under the terms of the C$1.37bn deal, British Gas would acquire a 33.3 per cent stake in Bow Valley through a new issue of Treasury stock for C$20 a share. It would have an option to expand its holding to 51 per cent before March 31 1990 by paying C$24 a share. The company now owns about 2m of the approximately 40m shares oustanding.

However, analysts and some institutional shareholders have criticised the terms of the proposed deal, claiming both that the new issue would dilute earnings and cash flow and that the overall price is too low. Bow Valley shares closed last week at C$18.25 on the Toronto Stock Exchange.

In their bid to win support for the British Gas offer, Mr Seaman and Sir Denis are expected to describe in detail how the resultant cash injection would be invested and to outline the potential benefits to Bow Valley.

Mr Seaman has said that the company has more than C$1bn in energy projects planned for the next five years "in the appropriate economic climate," in locations ranging from Indonesia to western Canada

EuroFerries in black

European Ferries, a subsidiary of P & O, made a pre-tax profit of £2.4m, compared with a coresponding loss of £4m, for the six months to June 30.

The group incurred a £4.1m (£8.5m) loss on shipping, a £5m (£4.9m) profit on harbours, a profit of £1.9m (£300,000 loss) on other activities and a loss of £400,000 (£4.1m profit) on property.

Turnover of the group for the period was up from £149.1m to £168.8m and net operating costs from £148.9m to £166.4m. There was no exceptional items this time (£4.2m) an dtaxation took £3.5m (£2.1m credit). Minorities took £900,000 (£700,000). There was an extraordinary credit of £1.2m (nil) which included the profit on the shareholding in Stockley of £19.8m and are stated net of tax of £13.7m.

Carclo

CARCLO, the Yorkshire-based engineering company, has made a profit of £2.5m on the disposal of its 11.2 per cent stake in Deritend Stamping, which it acquired prior to making a £25m bid for Deritend in July. Carclo will allow its offer to lapse today, its second closing date, at Deritend has recommended a £36.6m offer from Christy Hunt.

Benlox

Dr Ashraf Marwan, the Egyptian financier, has purchased a further 2.1m shares in Benlox Holdings—where he is joining the board as executive deputy chairman—taking his holding from 19.4 per cent to 24.4 per cent. The holding will dilute to 21.7 per cent when Benlox's offer for Nolton is complete.

McKechnie, plastics, metals and consumer products group, is to acquire the business and property of Precision Moulded Plastics (Dorset).

GT Venture £12m placing

BY CHARLES BATCHELOR

GT Venture Investment Company, the newly-created venture capital arm of the GT financial services group, has carried out a stock market placing of 12m 50p shares at 100p to raise £11.51m net of expenses.

Investors will receive one warrant with every five shares. The warrant carries the right to subscribe for one ordinary share at 100p per share on November 1 1988 to 1993 inclusive.

GTVIC has been set up to strengthen the GT group's investment activities in unquoted stocks and plans to make offers for the unquoted portfolios of other institutions.

The share issue was handled by Brown, Shipley while brokers to the issue were James Capel.

Barham exits with £3.5m

BY PHILIP COGGAN

Barham, the publishing, advertising and financial services group currently the subject of a recommended bid from International Business Communications (Holdings) yesterday announced a 67 per cent jump in interim pre-tax profits to £3.54m (£2.11m).

The profits were made on turnover which nearly trebled to £24.2m (£8.9m) in the six months to July 31. Earnings per share were 34 per cent higher at 7.23p (5.41p).

The terms of the IBC offer are 19 IBC shares and £9.95 in cash for every 18 Barham shares. On the basis of last night's closing price for IBC of 189p, the bid values each Barham share at 255p, compared with yesterday's closing price of 250p.

COMPANY NEWS IN BRIEF

British Mohair: Turnover £21.77m (£21.11m) and pre-tax profits £2.17m (£1.7m) for half year to end-June. Earnings 10.89p (8.14p). Interim dividend 1.4p (1.25p).

WAGON INDUSTRIAL Holdings: Order books were strong and overall for the current year group should produce satisfactory results, Mr Paul Taylor, chairman, told the annual meeting.

TGI (Tannoy Goodmans International) has been formed by merger of Goodmans Loudspeakers (which recently acquired Mordaunt Short) and Tannoy Group with the intention of floating on the Stock Exchange early next year.

CHARTERHALL, the oil and investment company run by Mr Russell Goward, the Australian entrepreneur, has increased its stake in footwear retailer Allebone Sons to 24.51 per cent. Allebone's shares closed at 82p.

TILBURY GROUP (construction and plant hire) is to buy Sims, a family-run housebuilder based in Plymouth, for £626,000 in cash. Sims has been trading at a loss in the current financial year which ends on October 31 and is expected to show net assets of £210,000 on completion.

CHARTERHALL (Australian oil and investment company) has increased its stake in Allebone, the footwear retailer, to 26 per cent.

ANGLO IRISH BANK CORPORATION board said yesterday that they have noted the "very significant" increase in the share price on Friday and know of no reason whatever as to why there should have been this unprecedented increase.

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UK COMPANY NEWS

Dalgety boosts profits by 23% to £92.5m

BY DAVID WALLER

Dalgety, the foods, agribusiness and commodities group which has recently been divesting itself of its non-core activities, yesterday announced a 23 per cent increase in pre-tax profits for the year to the end of June, and a 16 per cent rise in earnings per share.

Taxable profits were £92.5m (£75m), achieved on turnover of £5bn (£4.9bn). Of total trading profit of £138.8m (£122.1m), some £3.7m came from companies sold during the year—principally ABM Chemicals, and Clarkson Puckle.

A further £14.3m of the profit came from Balfour Guthrie, the Canadian lumber subsidiary sold for C$155m (£75m) since the year end, and from Associated British Maltsters, also sold.

Disposals during the year raised £71m, offset by investment in the group of £72m and acquisitions in the foods division worth £85m. These include: Golden Wonder snacks and crisps in the UK, Ross Produce and Flavourite flavourings.

Of the three core divisions, growth in profits was strongest at Foods, which contributed £58m, against £43.9m in the previous year. Commodity profits declined, from £46.3m to £44.7m, and Agribusiness rose from £27.6m to £30.8m.

Foods benefited from the first nine month contribution from Golden Wonder, acquired from the Imperial Group for £54m in March last year. This made in excess of £8m and its share of the £620m crisp market has increased to 18 per cent.

A doubling of the company's expenditure on pet-food advertising helped Winnalot Prime dogfood and Kattomeat, the company's top of the range products, increase sales by 25 per cent.

In the UK, Dalgety's agribusinses division was hit by the business division was hit by the and farm machinery — offset by rising demand for poultry, pig and horse feed.

The markets for cocoa, coffee and sugar, the commodities distributed by Dalgety, were flat, as reflected in the division's profits.

The dividend was increased by 0.5p in the second half, making a total of 14p (13p) for the full year.

● comment

There is still a tell-tale note of urgency about Dalgety's sales pitch to the City. Despite the reshaping of the business—the latest of several in the group's history—the share price remains stubbornly low. But ever since the Gill and Duffus fiasco, the chief problem has been one of earnings growth; an expected rise in the current year of at best 10 per cent would merely restore earnings per share to the 1985 level. Although the continued shift towards food manufacture seems wholly sensible, the snag is that the food half of the business has to grow enough to drag the rest of the business with it, at least for as long as UK farming stays in the doldrums and Gill and Duffus remains part of the group. At 375p, down 13p yesterday, the shares are on a humble prospective multiple of 12, and look unlikely to perform except in speculative flurries.

Simon falls with no material improvement likely

BY CLAY HARRIS

Simon Engineering, the contractor and manufacturer, yesterday reported a 6.5 per cent fall in interim pre-tax profits to £9.4m. It said that material improvement in underlying performance was unlikely during the rest of the year.

The group also unveiled a restructuring into three divisions—engineering contracting, manufacturing and services—each headed by a main board director.

The pre-tax decline from £10.1m in the first six months of 1986 came despite a 10.5 per cent increase in turnover to £248.8m (£225m). Simon said that both parts of its contracting division—process plant and electrical and mechanical—had suffered in the first half, because some existing contracts had performed below expectations and others had not yet been converted into new orders.

For example, a £300m joint project with GEC to build a plant in Soviet Armenia to make industrial automation equipment had only reached negotiations about price six months after its announcement in principle.

Also contributing to the profits decline was the weakness of the dollar—in which one third of profits is denominated—and a reduction in net interest income.

Manufacturing and services, however, both showed strong increases over the comparable half. In the latter division, comprising storage, transport and distribution, chemical merchanting and civil services, Simon said it could pursue a strategy of "double or quit"—to add to activities to reach a more competitive size or sell out altogether.

Mr Roy Roberts, chairman, said yesterdy: "We would be prepared to gear ourselves slightly to make acquisitions. We are not committed to remaining highly liquid."

Simon's tax rate is likely to stay this year at the 36 per cent (29 per cent), to which it has risen because of exhaustion of tax losses overseas and the increasing non-UK proportion of its business.

The group reported extraordinary costs of £2.1m because of the sale of its South African activities and the closure of a subsidiary of Drake & Scull in Hong Kong.

Earnings per share fell to 8.6p (10.4p). The interim dividend is unchanged at 2.7p. Simon shares recovered from an early 15p loss to close unchanged at 337.

● comment

Forecasts were marked down after interims that Simon itself described as "disappointing," but the company has been out of favour for so long that no one had great expectations to be dashed. Pride in 15 unbroken years of profits growth should assure that the full-year pre-tax result at least creeps in ahead of the £28m in 1986. The higher tax charge, however, will shave about 2p off earnings per share to lift the prospective p/e past 12. The final dividend looks set to survive at the heady 8.8p to which it was hoisted during the Valuedale defence. If Simon feels able by next spring to pay out even a small fraction more, that will be the best indicator that 1988 is indeed the year of recovery. Even if not, the current 4.7 per cent yield makes the shares a decent, if unimaginative, each-way bet. The price is likely to be supported by conviction that even in the worst base, suitors will emerge with propositions more conventional than a management buy-in.

Guild ups stake in AIB to near 30%

By Nick Bunker

Guild Investments, a Dutch investment company, has increased to just under 30 per cent its stake in Allied Insurance Brokers, a small London-based group with shares traded on the Stock Exchange's Third Market.

Mr Martin Harridine, Allied's chairman, said Guild's backing would assist the company in its expansion strategy. "We have been looking for a Lloyd's insurance broker to buy. There may be expansion in other areas," he added.

It emerged yesterday that Guild has bought 347,000 more shares in Allied, giving it a total of 937,000, or 29.66 per cent of the company. The other major shareholders include Mr Harridine, with 10 per cent, and Hammerson Properties, with 12.9 per cent.

Mr Harridine said Guild controlled the interests of two investors, Mr Roy Schneider and Mr Stephen Small.

Allied has also reported pre-tax profits up 20 per cent at £330,000 for the six months ending June 30, after underlying turnover growth of 27.1 per cent excluding the impact of acquisitions. Allied said it was not declaring an interim dividend.

Elswick back in black midway

Elswick, the cycle and lawnmower manufacturer, returned to profit at the interim stage after a lapse of six years with pre-tax profits of £403,000 for the six months to July 31 compared with a loss of £352,000 for the corresponding period last year.

Group turnover was £11.7m against £14.3m last year. However, the latter figure included £6.2m of sales on discontinued activities. If this is taken into account turnover was up by 44 per cent. Approximately 25 per cent of turnover was attributable to companies within the group during the comparable period last year and the remainder to Macleans Printed Packaging, acquired in November 1986.

Mr Bill Cross, chairman, said that the cycles companies had made headway in improved market conditions and the integration with Falcon Cycles of the Holdsworthy business acquired in March was proceeding smoothly.

The professional grass-cutting machinery and related equipment operations returned to profit in the UK and further profitable progress was made in the US. The farm services operation continued to achieve satisfactory profits.

The chairman said that the return to profitability foreshadowed the substantial benefits now being felt from the radical re-organisation carried out by the reconstituted board in 1985 and 1986, and also from the strategy of strong profitable organic growth supplemented by carefully selected acquisitions.

Mr Cross said he was confident that the company had returned to consistent and rising profits.

After tax of £15,000 (nil) earnings per 5p share came to 0.47p compared with a loss per share of 1.03p last year.

Chas Baynes £893,000 in the red

THE PRE-TAX loss of £893,000, which includes the bringing to account of outstanding costs and claims relating to disposals made in prior years and of costs incurred in several proposed transactions which did not come to fruition, compared with a profit of £240,000, experienced by Charles Baynes in the six months to end March is largely of historic interest only.

At the end of June interests of South African De Bruce McInnes supported by Hambros injected approximately £3.8m of new capital into Baynes through subscription and a rights which cleared all borrowings and left the company poised to take the acquisition trail.

Merivale Moore profit doubled

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Merivale Moore, the residential and commercial property development and investment company, nearly doubled pre-tax profits in the year to June 30 1987 and is raising its dividend payments by 50 per cent.

Results were boosted by the acquisition of Municipal Properties, which contributed 32 per cent of total group profits.

On a turnover 98 per cent higher than in 1985-86 at £23.5m, Merivale earned pre-tax profits of £6.35m compared with £3.24m in the previous year. Earnings per share climbed to 32.1p against 17p.

Shareholders will receive a final dividend of 3p, bringing total payments to the year to 4.5p, against 3p for 1985-86.

The market responded by lifting the shares 30p yesterday to 435p, widening the already comfortable premium over the net asset value, which was put at 316.4p in the results statement.

Prospects for the current year look good, not only because of the residential property boom in the south east where Merevale has 210 units in the pipeline, but also in the commercial sector.

The company's commercial rent roll increased last year by 235 per cent and this year should grow more as developments in Cambridge, Leatherhead, Weybridge, Borehamwood and south west London produce revenue.

At the same time, Merivale is lifting its trading activities through the purchase of industrial estates and lines of secondary shops where there are opportunities for sale

NOTICE TO HOLDERS OF

TOYO MENKA KAISHA, LIMITED

(Kabushiki Kaisha Tomen)

US$20,000,000
7¾ Per Cent. Convertible Bonds Due 1996
(the "7¾ Per Cent. Bonds")
US$50,000,000
3¾ Per Cent. Convertible Bonds Due 1999
(the "3¾ Per Cent. Bonds")

Pursuant to Clause 7(B) and (C) of the Trust Deeds dated 13th November, 1980, and 27th December, 1984 respectively, under which the above-mentioned Bonds were issued, notice is hereby given as follows:

1. On 27th August, 1987 the Board of Directors of Toyo Menka Kaisha, Limited resolved to make a free distribution of shares of its Common Stock to shareholders of record as of 30th September, 1987 in Japan at the rate of 12 new shares for each 100 shares held.

2. Accordingly, the conversion price of the above-mentioned Bonds will be adjusted effective as of 1st October, 1987, Japan Time. The conversion prices in effect before such adjustment are Yen 183.80 per share of Common Stock for the 7¾ Per Cent. Bonds, and Yen 226.70 per share of Common Stock for the 3¾ Per Cent. Bonds and the adjusted conversion prices will be Yen 163.60 per share of Common Stock for the 7¾ Per Cent. Bonds, and Yen 201.70 per share of Common Stock for the 3¾ per cent. Bonds.

TOYO MENKA KAISHA, LIMITED
By: The Bank of Tokyo Trust Company as Trustee

Dated: 15th September, 1987

NOTICE

To the Holders of

Citizens First Bancorp, Inc.

6¾% Convertible Subordinated Debentures Due August 1, 2001

NOTICE IS HEREBY GIVEN that the initial conversion price of $25.15 specified in the above Debentures has been adjusted and changed to $20.96 effective on February 1, 1987 by virtue of a six-for-five stock split on the Common Stock of Citizens First Bancorp, Inc.

CITIZENS FIRST BANCORP, INC.

September 15, 1987

NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHTS

NIPPON SEIKO K.K.

U.S.$30,000,000

7 1/4 per cent. Convertible Bonds 1994 (the "Bonds")

NOTICE IS HEREBY GIVEN that in accordnace with the provisions of the Trust Deed dated as of 10th October 1979 between Nippon Seiko K.K. (the "Company") and The Industrial Bank of Japan Trust Company, (the "Trustee"), under which the above-described Bonds were constituted, the Company has elected to exercise its right to, and shall, redeem on 31st October 1987 its outstanding Bonds at the redemption price of 101 1/2 per cent. together with accrued interest to such date of redemption. The aggregate principal amount of Bonds outstanding as of 31st August 1987 was U.S.$719,000.

The payment of the redemption price will be made on and after 31st October 1987 upon presentation and surrender of the Bonds, together with all coupons appertaining thereto maturing on or after the date fixed for redemption, at any of the following Paying Agents:

PRINCIPAL PAYING AND CONVERSION AGENT

The Fuji Bank and Trust Company
One World Trade Center
92nd Floor
New York
N.Y. 10048

PAYING AND CONVERSION AGENTS

Algemene Bank Nederland N.V.
Vijzelstraat 32
Amsterdam 1000EG

Générale de Banque S.A.
Montagne du Parc 3
B-1000 Brussels

The Fuji Bank, Limited
Immermannstrasse 3-5
4000 Düsseldorf

Industriebank von Japan (Deutschland) A.G.
Niedenau 13-19
6000 Frankfurt/Main

Kleinwort, Benson Limited
20 Fenchurch Street
London EC3P 3DB

The Fuji Bank, Limited
25-31 Moorgate
London EC2R 6HQ

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
Luxembourg

Banque Nationale de Paris
16 Boulevard des Italiens
75009 Paris

Citibank N.A.
Seestrasse 25
Zurich

From and after 31st October 1987 interest on the Bonds will cease to accrue.

The Bonds may be converted into shares of Common Stock of the Company at the Conversion Price (with Bonds taken at their principal amount translated into Japanese Yen at the rate of YEN 224.48 equals U.S.$1) of YEN 304.40 per share of Common Stock. Each bondholder who wishes to convert his Bonds should deposit his Bonds, together with all unmatured coupons, with any of the Conversion Agents being the same as the Paying Agents specified above, accompanied by a notice of conversion (the form of which notice is available from any of the Conversion Agents) SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL BONDS AT THE CLOSE OF BUSINESS ON 30th October 1987, as 31st October 1987 is not a business day.

Nippon Seiko K.K.
6-3, Osaki 1-chome,
Shinagawa-ku, Tokyo 141, Japan

September 15, 1987

UK COMPANY NEWS

Suter tops City forecasts with 74% profits jump

BY MIKE SMITH

Suter, the engineering conglomerate, yesterday exceeded the City's expectations when it unveiled a 74 per cent rise in pre-tax profits for the half year to June 27.

The £12m out-turn compared with £6.9m for the comparable period of last year and £8m in the second half of 1986. It was achieved on sales of £73.8m, up 14 per cent on the first half of 1986.

Fully diluted earnings per share were 38 per cent ahead at 8.4p and the interim dividend was lifted from an adjusted 1.16p to 1.5p.

Mr David Abell, Suter chairman, said the profits and turnover received no contribution from newly-acquired Mitchell Cotts but Mitchell, which broke even in its final year of independence, would make a small contribution to Suter's second half profits.

Suter has total borrowings of £70m, against £80m of shareholders' funds, but Mr Abell says debt falls to £40m when £30m of quoted investments are taken into account. Planned disposals could realise another £30m.

In the first half the strongest divisional growth was shown by light engineering, where pre-tax profits doubled to £3.2m. Among the highlights was Clearplas, supplier of plastic mouldings to the motor industry, which lifted profits by 91 per cent to £1.6m.

Disribution profits were 18 per cent ahead at £2m. Progress at specialist engineering, where profits rose 13 per cent to £900,000, was depressed by a delay in a large order from Ford. Mr Tony Owen, head of Suter Industrial Group, said the valves business had boosted profitability by 23 per cent and Suter was looking for an acquisition to increase turnover on its improved facilities.

Profits at packaging were static at £100,000, but this did not include any contribution from Francis Packaging, the figures of which are included in the £700,000 losses made by discontinued operations.

Corporate profits of £5.2m (£2.1m) included a £2m contribution from share transactions. Tax was £4.2m (£2m).

• comment

The market sometimes moves in mysterious ways. These results exceeded virtually all analysts' expectations and full year profits forecasts were being significantly upgraded. The share price, however, did nothing. Part of the explanation, no doubt, is the City's reservations about Suter's share dealing which made more than 15 per cent of profits. But yesterday's results should put to rest any lingering doubts about organic growth. Witness Clearplas where turnover has quadrupled in three years and break-even has been turned into £3m profits annually. Or look at Searle where profits doubled long after many said significant growth could not continue there. For the full year a contribution of at least £1m from Mitchell Cotts should help profits past £28.5m. That puts the prospective p/e on 16½, which should allow the shares to continue outperforming the market, if not spectacularly.

Danoxa and dried fruit sides lift S. Daniels

Continued expansion in sales of Danoxa canned foods and a further advance by its dried fruit division more than offset the serious short-term effect on margins experienced by S. Daniels, coffee concern, in the first half of 1987 and pre-tax profits rose 29 per cent from £361,000 to £466,000. ... ...

Mr Paul Daniels, chairman said that coffee profits would continue to be adversely affected during much of the remainder of the year and at the present time he could not foresee that profits for the second half would match those of the first.

Coffee prices had now stabilised, said Mr Daniels, and he expected a recovery in coffee profits towards the end of the year. Elsewhere in the grocery division, confectionery sales were lower but profit margins improved as a result of the introduction of a new children's range of sweets.

Dried fruit sales were significantly ahead of the comparable period in 1986 due to increased business with existing customers and the addition of some important new accounts.

Turnover for the first six months rose from £17.1m to £19.9m. Tax amounted to £164,000 (£131,000) leaving earnings per 5p share at 4p (3.5p). A first interim payment of 1.25p is declared.

Myson rises 24% in first half

Although turnover dropped from £75.55m to £72.88m, Myson Group, maker of heating ventilating, air conditioning and industrial heat-transfer equipment, increased pre-tax profits by 24 per cent to £7.5m for the first half of 1987.

The buoyant market in the UK for residential products at the start of 1987 weakened in the second quarter. However, continuing progress was made in increasing productivity and reducing costs, particularly in the business acquired from Thorn EMI in 1986.

The major refurbishment of part of the seam top radiator production, involving plant shutdowns, re-equipment and start-up of major manufacturing has resulted in some £1.38m of non-recurring costs being charged in the first half, including £530,000 redundancy costs. Following a period of product assessment after the merger, an accelerated programme of major new product introductions had begun which increased development and launch costs.

On the industrial side, several new products had been successfully introduced, the company said. Export markets remained difficult, but progress had been made in air conditioning.

Demand for residential products had recovered in the third quarter to date. The second half would benefit from the newly introduced products and reduced radiator plant start-up costs. The company said orders and prospects in the industrial and engineering companies were encouraging.

After tax of £2.55m (£2.02m) earnings per 10p share grew from 4.96 to 5.92p. The interim dividend is stepped up from 1.52p to 2p—last year's total was 4p on £17.36m profits.

• comment

Myson lost some volume in the first half, but it is not too worried; part of it was caused by the fact that in last year's first half it was running down the stocks piled up by Thorn EMI and part was due to a temporary lull this year in Electrolux's orders for tumble driers. In fact, the 19.5 per cent increase in trading profits on a 3.5 per cent in turnover indicates the success in squeezing costs out of Thorn. There is still enough leeway to give the group respectable growth for the next 18 months; after that, Myson may depend on the success of the new products being launched and on the buoyancy of the current building boom. Given that Mr Wheeler and Mr Salkeld have shown their ability to cut overheads, but not yet to put up volumes, that indicates that the prospective p/e of 16, assuming £20m pre-tax for the full year, is a high enough rating.

Interim growth at Brake Bros.

The first interim results of Brake Bros. since it came to the market last November, show that Britain's largest independent supplier of frozen foods to the catering industry raised pre-tax profits by 27 per cent in the first half of 1987.

With sales 22 per cent higher at £41.12m against £33.6m profits before tax grew from £2.25m to £2.85m. Further growth is expected in the second half.

There is a first interim dividend of 0.8p. Stated earnings per 10p share increased from 3.95p to 4.21p, after tax of £993,000, against £666,000 in 1986 which was unusually low, due to the availability of industrial buildings allowances, in respect of which deferred tax did not need to be provided.

The company said it was actively pursuing further geographical expansion particularly in Scotland and had plans to extend its service to additional areas of England and Wales. With a strong balance sheet, Brake said it was seeking further opportunities for expansion and development.

The company's three new depots at Brighton, Plymouth and Motherwell and the new vegetable packing facility at Hemsworth were all now operational and developing as planned.

The central store at Swindon, which was temporarily closed for most of the first six months of the year for repairs and upgrading, became fully operational after re-opening on schedule.

Shanks & McEwan to seek listing

Shanks & McEwan Group, the unlisted Galsgow based company which recently became one of the largest waste disposal companies in Britain, intends to seek a Stock Exchange listing next March.

Mr Peter Runciman, the chairman and chief executive, announced this at the company's annual meeting in Glasgow on Friday, when he presented the company's results for the year to March 28, 1987.

In that period pre-tax profits rose to £7.85m from £2.7m in the previous year. Turnover rose from £36.7m to £50m in 1987. The company is to pay a dividend of 13.5p (9.1p).

Shanks & McEwan, which had been predominantly involved in construction but with a small waste disposal business, was transformed last year when in merged with London Brick Landfill, a subsidiary of London Brick, which had earlier been acquired by Hanson Trust.

The acquisition, which cost £32m, brought Shanks and McEwan several very large clay pits in England formerly used for brick making. It now has considerably larger landfill capacity for waste disposal than any of its UK rivals.

Hanson Trust retained a 20 per cent stake in the merged company. The combined profits of Shanks & McEwan and London Brick Landfill in 1986 were £6.1m. Shanks & McEwan has been disposing of some peripheral activities to concentrate on waste disposal.

Mr Runciman said that the company was aiming at obtaining a Stock Exchange listing on March 22 next year, but he warned that the flotation could be delayed if market conditions deteriorated or if the company made another major acquisition.

Hunterprint in joint venture

Metcalfe Cooper, the financial printing subsidiary of Hunterprint, has established a joint venture with Pandick, the world's largest financial printer, in what is believed to be the first exclusive link-up between a US and a UK financial printing company.

The new company, Metcalfe Pandick, will attempt to tap the growing market for printing via satellite the documentation of international financing programmes. In addition to London and New York, the Metcalfe Pandick will offer services in Melbourne, Sydney, Hong Kong, Tokyo, Singapore, Frankfurt and Stockholm.

Last year, Pandick had sales London but it expects the latter figure to increase subcalfe Cooper link-up.

EIS tops £4m midway after all-round progress

EIS Group, the specialist and high technology engineering group, raised pre-tax profits by 27 per cent from £3.25m to £4.13m in the first half of 1987, on turnover 10 per cent higher at £42.74m.

Mr Michael Walters, the chairman, said progress had continued in all divisions, which were trading ahead of last year and generally in line with budget. Competition remained keen, but with a strong order book and assuming no trading disruption, the group was on course for another year of progress.

After-tax profits grew 21 per cent to £2.53m and earnings per share rose from 10.206p to 10.936p. The interim dividend is up 10 per cent to 2.2p—last year's total was 7.5p on record £7m profits.

The chairman reported that orders in hand were up from £52m to £54m and cash resources had been maintained

To meet he demands of a strong aerospace market, the aircraft and precision engineering division was making extensions to its capacity which would lead to some increase in employment.

The process plant division was benefitting from some major contracts won both in the UK and abroad and improvements, particularly in some overseas companies, had strengthened the performance of the Flexibox division.

Sheafbank Property

Sheafbank Property Trust increased pre-tax profits from £158,187 to £167,643 on net rental and other income of £510,744 (£459,289) for the year ended March 31, 1987.

The directors said the accounts reflected the maintenance of the ordinary dividend at 0.5p which wзs re-established last year. Following the rationalisation of the group since 1985, the directors were confident about prospects.

Lodge Care

Lodge Care, provider of residential care home facilities, increased pre-tax profits by 44 per cent from £242,000 to £348,000 for the six months ended June 30 1987. Turnover was up from £1.6m to £2.1m.

After tax of £124,000 (£88,000) earnings per share for the USM-quoted company increased to 3.1p (2.6p). An interim dividend of 0.5p was declared.

Systems Reliability setback

A sharp setback in pre-tax profits of Systems Reliability, manufacturer of computerised telephone management systems, is reported for the half-year to June 30. Against a 12 per cent drop from £6.8m to £5.95m in turnover, profits have slumped by 45 per cent from £1.8m to £1m.

Mr H. Allsop, chairman, said that despite current competitive pressure he remained confident that the group's long term strategy was sound. The order position was improving and the company was hopeful that acceleration in placement of orders would continue to improve throughout the remainder of the year.

Operating profits were down from £1.97m to £1.11m; exchange losses were £6,000 (£15,000 profit) and employee profit sharing took £102,000 (£178,000). Tax was £418,000 (£670,000) leaving attributable profits of £582,000 (£1.13m) for earnings of 5.53p (10.76p) per 10p ordinary share.

The interim dividend is maintained at 1.7p; last year's total payment was 5p when pre-tax profits were £2.83m.

SHARE STAKES

The following changes in share stakes have been announced:

Allebone & Sons.—Charterhall has increased its shareholding to 7,625,000 (26.23 per cent).

Richardsons Westgarth. — Baremo Holdings Inc has disposed of its entire stockholding of 1,900,000 ordinary in company.

Helene of London.—Two directors of Helene, Mr Michael Harris and Mr Paul Cohen, have increased their shareholding in the company by 25,000 and 70,000 respectively. The shares were purchased at 72p. Mr Harris now holds 135,902, and Mr Cohen 70,000.

Ibstock Johnsen. — Director Mr M. E. A. Keeling sold 25,000 shaares at 192p and 31,900 at 190p.

Lynton Property & Reversionary Investment. — Randsworth Trust has acquired a further 430,000 shares which takes its holding to 4,418,371 (9.14 per cent).

Logitek.—Mr R. A. Ellis and Mr F. Noon, both directors of the company, each sold 30,000 ordinary on August 18 1987 at 130p per share. The resulting holding of Mr Ellis is 709,880, and that of Mr Noon, 586,540 shares. On the same date, Mr P. Warburton disposed of 250,000 ordinary, thereby reducing his holding from 12.8 per cent to 10.6 per cent.

York Mount Group.—White Rose Investments has sold 55,600 ordinary following which its holding is 2,926,945 shares (16.64 per cent).

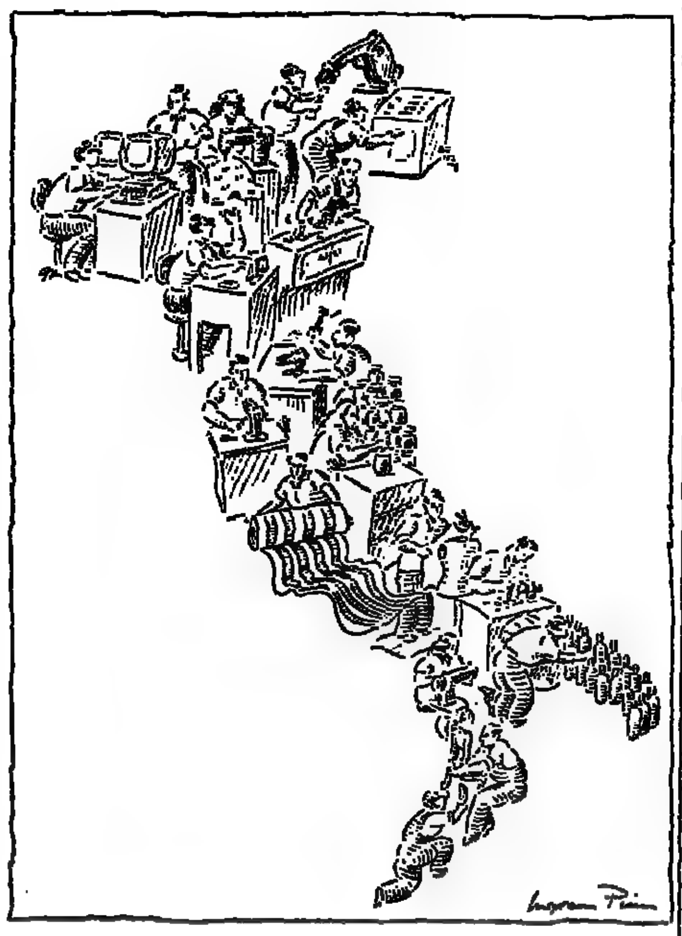
Redland was on course to achieve its expectations in the present year, the annual meeting was told. The most recent results would enable the first half figures to be satisfactory.

The UK building materials divisions were performing strongly as were the recent US acquisition, Genstar Stone Products, and the activities in the Netherlands.

Italian small business

The backbone of the economy explored

Alan Friedman begins a series on a flourishing sector which, compared with big industry, has not been widely documented



EVERYONE KNOWS THAT one of the great strengths of the Italian economy has traditionally been, and remains today, the powerful entrepreneurial spirit which has spawned hundreds of thousands of small businesses in virtually every manufacturing and service sector on the map. It is best characterised by the cliche used to describe small and medium-sized companies - the *spina dell'economia* or "backbone of the economy".

Important they may be, but Italian small businesses have nonetheless received much less detailed attention from Italy-watchers than have the headline-grabbing achievements of the country's big industrial concerns. As Italian companies have restructured both industrially and financially over the past five years the focus has been on Fiat, Olivetti, Ferruzzi, Montedison, Benetton and other easily recognisable success stories. The reality, however, is that while the big names have gone from strength to strength, making a splash on the European business scene with a series of transnational acquisitions, the nation's vast network of small enterprises has also been flourishing, albeit in a more modest and less easily documentable way.

An analysis of the aggregate standing of the 586,000 Italian companies with fewer than 99 employees reveals some interesting statistics. According to Istat, the government statistical office, and Confindustria, the Italian employers' association, some 30.6 per cent of all workers in manufacturing industry were employed by companies with between 20 and 99 employees during the 1981-84 period. That amounts to around 1.7m workers, yet this figure does not even take into account a further 2.7m workers employed by 1.2m artisans' workshops.

The artisans, often working in family businesses, are a main factor behind the success of Italian jewellery, gold, silver, leatherworking, embroidery, glassworking, furniture, pottery, shoemaking, and clothes manufacturing, to mention just a few sectors. The small businesses, meanwhile, range from basic activities such as foods, textiles, and mechanical work to medium-technology activities such as precision engineering, small-scale electronics and component production for heavy industry.

And then there is the newest generation of small businesses, those born in the last ten years and already successful in high-technology fields such as semi-conductor components, robotics and even artificial intelligence.

In the 1981-84 period the rate of job creation among small businesses stood at a cumulative 1.5 per cent. This compares with a cumulative decline in the number of jobs among medium and large companies (those with more than 200 employees) of 5.2 per cent. These figures speak eloquently of the dynamism of small entrepreneurs. So does the export capacity of small and medium-sized businesses: it represents around 36 per cent of the total of Italy's direct exports, or in other words a larger quotient than the highly industrialised region of Lombardy.

Small businesses (those with fewer than 99 employees) certainly experienced a higher rise in their unit cost of labour - 13.1 per cent against 7.7 per cent for big industry in the 1981-84 period. But the nominal growth in per capita profits generated by workers was 16.9 per cent, compared with 15.9 per cent for big industry. And when these figures are inflation-adjusted the real per capita profits growth comes out at a cumulative increase of 1.8 per cent for small businesses and 0.5 per cent for big industry.

> '...while big names have gone from strength to strength...small enterprises have also been flourishing'

Raw statistics, however, are only useful up to a point. In order to appreciate fully the phenomenon of Italian small business one needs to examine the cultural, sociological and financial factors that have spurred the growth. It is one thing to cite figures which show that in 1985 some 245,000 new businesses were formed in Italy (130,000 failed and the net creation level was 115,000). It is quite another to understand who these new entrepreneurs are and what makes them tick.

This is why we are today beginning a series of articles that will examine the story behind the "backbone" of the Italian economy. In coming weeks we shall look at several cases of small companies, formed within the past decade in both the North and South of Italy, and involved in low, medium, and high technology sectors. But first it will be helpful to explore some of the reasons why Italy is such a fertile breeding ground for small business.

Aside from a number of major industrial concerns such as Fiat and Pirelli founded around the turn of the century, the history of contemporary Italian industry dates largely from the end of the Second World War. Marshall Plan aid helped Italy to transform itself from an agrarian to an industrial society, but the nature of the country - the thousand mile-long "boot", a difficult and mountainous terrain that made national marketing and distribution difficult, the disparity between a prosperous North and underdeveloped South - favoured the evolution of small enterprises able to serve a limited geographic region.

Franco Muscara, the president of Confindustria's small business division, agrees that demographics explain much of the phenomenon, but he has another view of the reason Italy may be Europe's most conducive launch-pad for small entrepreneurs. "For me, a small business is tied to the family, and above all to the role of the entrepreneur. A small business may have ten or 100 employees, but its most distinguishing characteristic is that the role of the entrepreneur still cannot be replaced by capital."

Muscara, whose own mini-conglomerate of small companies in Sicily is involved in lime extraction, cement, plastic components for the vehicle sector and textiles, has 200 employees and annual turnover of Lire 25 billion (£19.1m). He says that like the other 100,000 small business members of Confindustria (out of a total membership of 115,000 companies) he works hard, tries to avoid costly bank loans and would not dream of diluting equity control of his company.

> 'The determining factor in Italian small business is that the Italians are people who all want to be rich.'

"But the determining factor in Italian small business is that the Italians are a people who all want to be rich. Perhaps this is a fundamental difference between the Italians and the English: the Italians are well-off, but they want desperately to be even richer. For us, the English are perhaps tired of their wealthy heritage and no longer have the hungry determination and will to create new companies. As soon as you give an Italian the chance to make a deal, he grabs it," opines Muscara.

The Italian entrepreneur, according to many Italians, is a fierce individualist who is not content to work for others and wants to be his own boss. Thus the barber's assistant wants to open his own shop, and the mechanical engineer wants to launch his own manufacturing concern. These cultural factors, while seemingly anecdotal, say a lot about the entrepreneurial drive that is found in a nation where, as in Japan, just about the only real natural resource is the land itself.

Contrary to Anglo-Saxon stereotypes, the Italian is rarely a romantic and Latin spendthrift: some 66 per cent of Italians own their own homes and the nation's savings ratio of around 20 per cent is on a par with that of Japan, the world's highest.

In the next article we shall look at the more tangible questions of financing small businesses, paying and evading taxes, and at the capillary-nature of the network of Italian small businesses. But in understanding the success story in Italy one must not underestimate what Muscara and others call the key factor - namely, the desire to be a self-made *padrone*, a self-made boss.

Going public

An end to blurred edges

Charles Batchelor explains some hard truths of gaining a listing

GOING PUBLIC can be tough. When the chairman of one successful private company, a keen amateur sailor, realised his yacht could no longer be treated as a company expense, he decided that he could do without a stock market listing after all.

Losing this freedom to blur the edges between their business and their private affairs is only one of the changes facing the directors of a private company who decide to go public.

To enjoy the well-publicised advantages of a market listing - enhanced status, realising part of his investment, issuing shares for acquisitions - the smaller company owner must be prepared to make adjustments. And before making the transition he must undergo a City scrutiny of his affairs which many find traumatic.

"For quality of life the privately-held company is ideal," says one chairman, who nevertheless did go public. "We had been able to employ our wives in the company, give them company cars, set up schemes for our children's school fees and maximise the tax advantages of our self-administered pension scheme. You must have a very good reason to give all that up."

Despite this, many would argue that any apparent loss of financial flexibility is more than compensated for by the relative ease with which shares can be sold through the stock market and the faster growth possible as a public company.

If they do decide to go ahead with the flotation the directors of a private company are well advised to start tidying up the accounts and cutting out their more lavish perks before they even start the process of selecting a team of City advisers.

Choosing a City team they can work with is crucial. Gordon Spice, chairman of the Spice car parts distribution group, which joined the Unlisted Securities Market (USM) 18 months ago, advises companies to choose their stockbroker, accountant and lawyer very carefully. Make sure you can get on with the individual who will be doing the work, not just the senior partner who nominally takes the business on, he cautions.

Personal compatibility with your advisers is important because there will be many gruelling hours of drafting meetings to be gone through as claims and facts are checked.

Richard Price, who took BPP Holdings, an accountancy tutoring and publishing company, to the USM in March 1986, estimates that he answered 300 questions on the contents of his draft prospectus. "You can save a lot of time by bringing along evidence - customer lists, payroll records," he advises.

But don't assume your advisers are all-knowing. Lawyers have a habit of leaving things right to the end and caused one company chairman extra grey hairs by submitting applications for Inland Revenue tax clearances at the last minute. The directors should also keep a close eye on the details of the flotation process.

Gordon Spice admits to being taken by surprise towards the end of the listing preparations when he was asked for personal warranties that statements made in the prospectus were correct. If they had subsequently turned out to be inaccurate he could have faced financial penalties.

The preparations for a flotation not only take up a lot of management time, they can also be costly.

Minimum USM costs are usually put at £130,000 but many directors are often amazed at the final figure. BPP kept costs down by doing as much advance preparation as possible but was still disagreeably surprised by a £4,000 bill for typing. Price estimates total flotation costs were £140,000.

Spice says he negotatiated hard with his advisers, asking them to justify all charges. Where they could not, he won reductions. He originally budgeted £145,000 for the flotation but a false start pushed the bill to nearly £195,000.

The pricing of the issue is a frequent cause of disagreement between the company and its advisers. When the share price moves to a large premium, as most recent issues have done, the directors often feel cheated. Some companies set themselves a minimum price/earnings ratio which they will accept. Most realise, though, that investors will only come in at a discount while their advisers want some margin for error.

Paul Martin, chairman of Martin Shelton Group, the diary and calendar manufacturer which joined the USM last June, saw his shares leap to 90p within a week or so of the flotation at 63p. "With hindsight I feel the price was a bit low," he says. "But you have to be guided by the experts." (He does feel, however, that his flotation costs of just £90,000 were very reasonable.)

Scrutiny

If a listing means enhanced status for a company it also brings increased public scrutiny. The buoyant trading climate of recent years has meant that most newly-quoted companies have done quite well but if something goes wrong directors start to feel the pressure of City and press comment.

"After being a family company for three generations we are now responsible to some 400 shareholders," says Martin. "That makes life more of a concern."

And, paradoxically, a new-found responsibility to outside shareholders can have its benefits. "I have found it easier to take tough decisions now that we are public," concedes Spice. "If a question comes up I simply ask 'Is it in the interest of the shareholders?'"

A heavier burden on the newly-floated company is the pressure to perform. Private companies can undertake costly investments which dent profits knowing the benefits will show through later. A public company does not have this luxury.

"You are on a treadmill," says BPP's Price. "We had 20 per cent earnings per share growth and 50 per cent profits growth in our first year. I went into our brokers and said 'Let's open the champagne.' They said 'That's great. Now tell us about next year.'" Profits take on a different meaning for the public company. "A private company will do all it can to get declared profits down to the lowest level to reduce its tax bill whereas a public ompany must maximise its profits," declares Keith Pinker of stockbrokers Schaverien.

Despite the adjustments which have to be made, a growing stream of companies has made its way to a public listing of one sort or another in recent years. A total of 21 have gone to the Third Market since it was launched last January, while 38 went to the USM in the first six months of this year, compared with 35 in the same period last year.

Useful reading: Going Public: The markets in unlisted securities by Graham Bannock and Alan Doran, Harper & Row, £19.95.

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Company Notices

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)
Registration No. 01/00429/06

Abridged notice of annual general meeting

[illegible]

By order of the Board
M. J. MEYER
Secretary

Registered Office:
Consolidated Building
cor Fox and Harrison Streets
Johannesburg 2001
Postal address:
PO Box 590, Johannesburg 2000
14 September 1987

London Secretaries:
Barnato Brothers Limited
99 Bishopsgate
London EC2M 3XE

FIDELITY PACIFIC FUND S.A.

Incorporated Under the Laws of Panama
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
October 15, 1987

[illegible]

... a form of Certificate of Deposit and a form of Bearer Shareholder's Proxy obtained from the Corporation's Principal Office in Pembroke, Bermuda, or from the companies listed below, to the Corporation at P.O. Box 670, Hamilton 5, Bermuda. Alternatively, holders of bearer shares wishing to exercise their rights personally at the Meeting may deposit with the Corporation the certificates for their shares or a Certificate of Deposit therefor prior to the Meeting.

All Proxies (and Certificates of Deposit) issued to bearer shareholders must be received by the Corporation not later than 1.00 p.m. on October 15, 1987, in order to be effective at the Meeting.

By Order of the Board of Directors,
Charles T. M. Collis,
Secretary.

Fidelity International Management Holding Limited,
25 Lovat Lane,
London EC3R 8LL, England.
Compagnie Fiduciaire,
13, Boulevard de la Foire,
Luxembourg.
Fidelity International (C.I.) Limited,
9, Bond Street,
St. Helier, Jersey,
Channel Islands.

NOTICE TO THE HOLDERS OF HANKYU CORPORATION

WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF HANKYU CORPORATION ISSUED IN CONJUNCTION WITH AN ISSUE OF US$100,000,000 3¾ PER CENT GUARANTEED BONDS DUE 1991

[illegible]

HANKYU CORPORATION.
By: the Sanwa Bank Ltd.
as Principal Paying Agent.
15th September 1987.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN & CO., LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date September 30, 1987, the shareholders' register will be closed for the period October 1-31, 1987, and during this period it will not be possible to register the transfer of shares against the surrender of EDRs. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from September 26, 1987.

Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depositary, stating the amount and actual date of payment of each dividend together with the procedure to be followed for obtaining payment.

Coupon No. 21 will be used for collection of this dividend.

CITIBANK, N.A.,
London Depositary.

September 15, 1987.

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To the holders of the above-captioned Warrants: You are hereby notified that, as a result of a free distribution of Shares of Common Stock of Tokyo Optical Co., Ltd. to the shareholders of record as of 30th September, 1987, Japan time, at the rate of 0.05 Shares for each Share held, the exercise price of the above-captioned Warrants will be adjusted pursuant to Condition 7 of the Warrants under the Instrument dated 27th April, 1987, from Yen 908.00 to Yen 864.80 per Share, effective as from 1st October, 1987, Japan time. The date of issue of the Shares to be issued upon such free distribution is 20th November, 1987.

TOKYO OPTICAL CO., LTD.
By: Mitsui Finance Trust International Ltd.
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BUILDING

Tunnels to carry water for London

EDMUND NUTTALL has been awarded a £15m contract by Thames Water Authority for the design and construction of the Lee Valley water supply tunnels scheme in north east London. This is to enhance the raw water supply to Coppermills water treatment works and forms part of the London water ring main strategy. The contract comprises construction of the New River transfer tunnel and the Lee Valley stored water spine tunnel and will be built over an 82-week period. The New River transfer tunnel will pass a maximum of 200 mega litres per day from an intake on the New River to King George Reservoir via 2.8 km of 1.8 metre diameter concrete lined tunnel. The stored water spine tunnel will enable up to 600 mega litres per day of water to be transferred from William Girling, Banbury and Lockwood reservoirs to Coppermills Treatment Works. The tunnel, which is 5 km long and 2.54 metres internal diameter will be lined with precast concerete segments. A secondary pressure lining will be provided where hydraulic criteria dictate. Both tunnels will be driven mainly through London clay with short lengths in the Woolwich and Reading Beds.

Two contracts for BP Petroleum Development totalling £3m feature among recent awards for Nuttall. Both at the Wytch Farm oilfield development involve surface work on well sites, on Furzey Island and Wytch Farm in Dorset. The contract periods are 49 weeks and 37 weeks and work has started.

WILLMOTT DIXON has won contracts totalling over £20m. Among them is an arts and technology centre at St Christopher School in Letchworth; conversion of a 14th century warehouse in Knightsbridge into shops and offices; and a £1.4m extension to a Norwich superstore.

A subsidiary, A. E. Symes, is to build a £1.2m computer centre for US stockbrokers Drexel Burnham Lambert Holdings at Stratford offices village, north London.

Conversion of three Victorian houses in Chelsea into flats is being carried out for Cadogan Estates. Homes for the disabled are being built in Beckton under a £1.4m scheme for the East London Housing Association, which includes general family housing.

At Luton the company has been awarded contracts worth £3.4m by the borough council to build 143 homes. A three-storey office block is being built in Elstree (£950,000), and in Hitchin an £800,000 computer suite is being built for the Provident Mutual Life Assurance Association.

CEMENTATION CONSTRUCTION and Cementation Piling and Foundations, both members of the building and civil engineering divison of the Trafalgar House Group, have secured contracts with a combined value of £12.4m.

For Cementation Construction these include four civil engineering projects. One, valued at £3.5m, is for the Thames Water Authority at the Coppermills water treatment works, London E17. Cementation will upgrade the works, and the project will embrace the installation of large diameter pipework, chemical plant and controls and other building work. Completion of the work, which will commence in the third week of September, is due within 102 weeks.

The second contract, for the Property Services Agency, comprises construction of a steel-frame building to include an engine test facility, with mechanical and ventilation services and commissioning. The value of this project in Bicester, Oxfordshire, is £3.4m and it is due for completion in the summer of 1988.

The company is to construct a £500,000 reinforced concrete ticket hall at Tower Hill Underground Station, London, EC3, for Mowlem Management.

For Trafalgar House company Willett, Cementation is to carry out works in connection with the construction of Brooklands spine road, stage two, at the Brooklands Industrial Estate, Weybridge, Surrey. The contract is valued at £500,000 and is due for completion within 33 weeks. The company is also to construct a £200,000 office block and workshop at Riverside Park Industrial Estate, Middlesbrough, Cleveland, for Bulk Haul.

Cementation (Northern Ireland) has won a contract valued at £1m at Castle Court, Belfast, for the construction of some 1300 piles. About 650 of these will be driven pre-cast piles and the balance will comprise concore piles of diameters varying from 450-750 mm and to depths of 20 m. The contract, awarded by John Laing Developments, is for a multi-million retail and commercial development on the site of the former Grand Central Hotel and Smithfield Market.

Cementation Piling and Foundations has been awarded contracts totalling £3.3m. The company will construct 2000 500 mm diameter concore piles to depths of up to 17 metres for a J. Sainsbury and BHS superstore development—SavaCentre, at Merton, Surrey. At the Chelsea Harbour site in London, a further contract has been awarded to Cementation by Bovis for the construction of 72 1500 mm diameter piles to depths in excess of 40 metres. For the James McNaughton Paper Group the company will construct about 500 700 kN driven and concore bored piles to depths of up to 15 metres. The project—a paper store at Erith, Kent—requires substantial support to accommodate the suspended floor slab for racking bays.

MOWLEM MANAGEMENT LIMITED has instructions from London and Metropolitan Estates to proceed with a management contract valued at about £3m for the construction of Milbanke House, Bracknell. Building starts this month for completion within 33 weeks. Milbanke House will occupy a corner site on Western Road, providing 56,308 sq ft space on two floors.

In one of the largest unloading operations on the Clyde in recent years, tunnelform shuttering for the Forum Hotel, Glasgow, for which **RUSH & TOMPKINS** is the management contractor, was unloaded direct from the *M V Dependent* onto the construction site. The shutters—leased by Kier Scotland, the works contractor, from a Dutch company—each weighing 20 tonnes, and 15m long by 4m wide, were unloaded direct from the ship via Kier's tower crane onto the site. Before the 1,000-tonne vessel could dock, Kier had to arrange for a diver to survey the Clyde to ensure that the river bed was clear.

When completed the 17-storey Forum Hotel will be the largest curtain-walled building in Scotland. To meet the developers' deadline of completion of the external structure in time for the 1988 Glasgow Garden Festival, Rush & Tompkins specified a "fast track" method of construction.

Kier Scotland is using a form of tunnelform shuttering which enables the floors and walls to be cast in one operation, removing the need for any external scaffolding. A gas-heating system is used to harden the concrete quickly and will enable Kier to meet the programme of casting one storey a week.

The £11.5m shell contract was started last March for Echo Hotels and in a unique funding exercise Rush & Tompkins has taken an equity stake in the development.

Cocoa pact talks fail again

By David Blackwell

TALKS AIMED at restoring the operation of the International Cocoa Organisation's price support mechanism have ended in failure for the second time in three months.

Producer and consumer delegates left London at the weekend still unable to agree after eight days of wrestling with the problems of setting buying and selling prices for the organisation's buffer stock manager.

The organisation is not due to meet again until November 30. All buffer stock operations are suspended at least until then, leaving the buffer stock manager unable to intervene in the market again before December at the earliest.

In July delegates were unable to agree on a revised floor price when prices unexpectedly started to recover after a steady decline. The organisation's rules required a revision of the price following the buffer stock manager's purchase in May and June of 75,000 tonnes of cocoa—the maximum permitted level.

However, the recovery was short-lived and last week saw cocoa prices fall to four and a half-year lows on the London futures market.

Consumers wanted a substantial reduction in both floor and ceiling prices for the buffer stock—currently 1,600 SDRs (Special Drawing Rights) and 2,270 SDRs respectively. Producers were seeking a much smaller cut —or no cut at all.

Mr John Patrick, of Gill and Duffus, the influential London trader, said the market had been "thrown back onto fundamentals." Most traders had a gloomy outlook on the market, he said. But if enough had taken a pessimistic view of the outcome of the talks the effect may already have been discounted in the market.

As the cocoa harvesting season comes to an end this month world production is being estimated at around 2m tonnes, a surplus of between 50,000 tonnes and 100,000 tonnes.

A similar crop and surplus are estimated for next year. "The surplus is very small," said Mr Patrick. "A small change in the weather could completely change the situation."

LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Changes during the week ended last Friday)
(tonnes)

Aluminium		
standard	−4,775 to	80,925
high grade	−3,900 to	57,800
Copper	+1,825 to	113,000
Lead	−400 to	20,925
Nickel	−318 to	3,684
Tin	−70 to	22,015
Zinc	+125, to	34,275
	(ounces)	
Silver	+1,180,000 at	203,440,000

Bright start for Chicago's twilight gold trade

BY DEBORAH HARGREAVES IN NEW YORK

IN TRUE Chicago style, the city's mayor, Mr Harold Washington, kicked off the Chicago Board of Trade's first Sunday evening trading session by urging traders to "get out there and make some money." Many young traders, used to the CBOT's Monday to Thursday night sessions, responded to his call.

The CBOT also managed to attract more traders than it expected for the launch of its gold and silver futures contracts with around 30 precious metals enthusiasts turning up. This is more interest than the CBOT's existing smaller precious metals futures usually get in the day, one exchange official noted.

Most of the volume — some 592 contracts in gold and 49 in silver — was transacted in the first hour, however, Mr C. C. Odom, chairman of the CBOT's metals committee, pointed out that the metals had seen some business from Tokyo and some from Sydney. But by the time Tokyo markets had opened at 7 pm (Chicago time), an hour into the 6 pm to 9 pm session, some traders in Chicago appeared to have lost interest. The CBOT's marketing department is hoping Far East business will pick up once the markets get used to seeing Chicago open.

"It's strange," Mr Odom commented about his first evening trading session, "I don't know whether to say good morning or good evening."

The exchange said it thought hard about introducing a Sunday session, given the impact it would make on traders' lifestyles. It is for this reason it has waited until September to open on Sundays. "We wanted to wait until the end of the summer, so we woudn't be pulling people back from the beach," one official commented.

The exchange's move to trade gold in the evenings—the two precious metals contracts will now be traded during the CBOT's daytime and evening sessions—will be the test of a night market for gold. So far none of the US exchanges has traded metals at night, although Comex tried to establish a night market by linking on gold with the Sydney Futures Exchange in Australia. But volume on the contract in Sydney has dwindled.

Floor traders believe there will be a demand for trading gold at night, but they are not so sure about silver. The exchange points out that it is looking for a gradual pick-up in volume on the precious metals contracts, realising it will be an uphill struggle for their success given the crowded marketplace.

The CBOT has been trading Treasury Bonds and T-Notes futures and options at night since April, but last Sunday was the first time it opened its floor on a Sunday. Total Sunday evening volume was 11,000 lots.

China's latest coal project sends out its first shipments

THE An Tai Bao mine, in China's Shanxi Province, has been officially opesed for operations. Its first export coal is already on its way to the terminal at Qinhuangdao for despatch to *Hong Kong Electric*, with further cargoes earmarked for a buyer in Finland.

An Tai Bao, a $650m opencast steam-coal mine, is China's largest joint-venture project to date and is crucial to the country's ambitions to treble coal exports to 30m tonnes by 1990.

It is jointly owned by Island Creek of China, in which Occidental Petroleum Corporation has a 50 per cent stake, and the Ping Shuo First Coal Company.

The Bank of China Trust and Consultancy Company and Occidental each invested $200m in the mine, the remainder coming from 39 international banks, led by Bank of America, Bank of China, Credit Lyonnase and the Royal Bank of Canada.

The mine's opening could pave the way for the development of a string of mines in the Ping Shuo area of the coal-rich Shanxi Province — a point which has not been lost on Dr Armand Hammer, Occidental's chairman. Speaking at the mines opening Dr Hammer said he had already started negotiations for the development of An Tai Bao's second and third phases which would increase total production from the development to 45m tonnes.

Far less grand ambitions face those whose job is now to market the coal from the first An Tai Bao. It has started operating at a time when the market for steam coal internationally is depressed. Although new coal-burning power stations in Europe and Asia have produced a rapid growth in demand from ·sm tonnes in 1973 to 140m last year, it nas not matched expansion in output.

Alone of the most recent major mines to have been opened — Canada's Quintette, Queensland's Blair Athol and Colombia's El Cerrejon are the others—no long-term contracts have been secured for An Tai Bao. This is partly a result of changing buying practices by the major power companies who import coal and partly because of a China National Coal Import *Export corporation has* had problems enough finding markets for an exer-expanding volume of export coal from other mines in other Provinces.

This year, the export corporation hopes to ship 16m tonnes compared with 9.85m tonnes in 1986. Coal is clearly seen as representing the major growth area for foreign currency earnings and this in turn has led the Foreign Trade Ministry to ask companies other than the export corporation to sell coal overseas.

The result for buyers has been confusion with up to seven companies offering Chinese coal to one European buyer this summer. The task is made all the more difficult for the An Tai Bao coal because it is inferior to Datong, the main Chinese brand being offered, and shortly to be made available from Shaanxi Province, to the west of Sanxi.

If the export corporation and the Foreign Trade Ministry is able to sell all this additional coal, then next year, when world demand is expected to be only a little ahead of 1986, 23m tonnes of Chinese coal could be offered to Western buyers. What makes China such a chilling competitor is its extremely low production and inland transportation costs and its determination to price itself into the market.

The signs are that China's competitors are beginning to wilt under today's low prices. Which at well under $30 a tonne for South African coal and Colombian delivered into Europe are more than half levels reigning in the market when Occidental started negotiating over An Tai Bao at *the start of the 1980s*.

The price squeeze should see exports of steam coal drop by 10m tonnes out of the US this year and by 5m tonnes out of South Africa. Meanwhile the Australian industry, suffering under the same price pressures, has been subject to a national miners' strike, as it tries to rationalise working practices and shed its loss-making mines.

The only consolation that China's opposition in the markets has is that the country's main export terminal at Qinhuangdao can handle no more than Panamax-sized vessels of little more than 55,000 tonnes. Most coal is carried to the power companies in 150,000-tonne Capesize vessels. However, that consolidation may be short-lived as the central Chinese authorities are now embarking on a debate as to whether they should start dredging a channel into Qinhuangdo to allow access to Capesize vessels.

Wilton Fair: one of sheep breeding's fashion shows

FARMER'S VIEWPOINT

By John Cherrington

LAST WEEK'S Wilton Fair, near Salisbury, must have been about the 50th that I have attended. One of the few survivors of the many fairs that used to flourish in southern England, it is today confined to sheep, which, thanks to improved road transport, are drawn from a large area of the southern counties. Buyers, too, come from further and further afield.

In earlier days Wilton was also a hiring fair. I can still remember seeing a few men carrying the insignias of their trades. A carter, for instance, would have a twist of whip cord; a dairyman some hairs from a cow's tail.

Those days are gone, of course. Vacancies are now filled through advertisements in the farming press and at the Job Centres. But Wilton Fair's sheep trade goes from strength to strength—this year's entry was a record at about 37,000 head.

There were three main categories of stock: old ewes culled from existing flocks which would still breed a lamb on the softer pastures of the western counties; young ewes as flock replacements; and lambs for further feeding.

I have about half my lamb crop to sell at this time of year, those that have failed to fatten, and the trade at Wilton sets *the price I am able to ask*. My expectations had been raised by the fast trade at a Wilton fair about a month earlier but the price I set then frightened off my prospective customers. "Wit until the next fair," they had said knowingly; and I must admit that their confidence has been fully justified.

The greatly increased numbers coming forward and the fact that the western counties hve had a virtual drought for the past six weeks have led to a considerable easing in lamb prices.

My buyers are now back, one might almost say queueing up, to take advantage of my chastened mood following the shattering of my avaricious dreams. Their hands have been strengthened further by the fact that, although we have had a damp and miserable harvest, there has not been enough rain to encourage a decent growth of grass; so I have been left with little option but to capitulate.

The lambs I am selling are bred from a Suffolk ram and the ewes are a variety of hill and mountain bred crosses which are the foundation of present day lowland sheep farming. The basis of my flock is formed by the progeny of a Swaledale ewe and a ram of the Bluefaced Leicester breed which was specially bred for this cross-bred ewe production. The cross I use is called the mule, but there are other variations on the same theme based on the hill flocks of other areas.

The purpose of such breeding regimes is to endow the lambs with heterosis—or hybrid vigour —which is reputed to give them greater productivity than could be achieved by pure breeding from either of their parent strains. They are also expected to fare better on the lush lowland pastures than they would have done on the hillsides which were their mothers' birthplaces.

These principles have become so well established in Britain that they are seldom questioned. I was at a loss for an answer the other day, however, when a Frenchman asked why we did *not follow the French practice* of using pure breeds. The French, as I shall show, have one or two points in their favour.

These days most of my ewes are mated with Suffolk rams as terminal sires. When I first visited the Wilton fair, however, the main terminal ram was the Hampshire Down, a thickset woolly-headed animal which, when bred to a "mule," produced a lamb with good fattening qualities. In other southern areas the Southdown and Dorset reigned supreme.

About 20 years ago, however, butchers began to complain that the lambs which resulted from these crosses tended to get too fat.

So there was a move to the Suffolk, which previously had been considered too long and high off the ground to produce a proper lamb carcase. It took a long time to fatten, which meant that, in a bad summer, there would be an excess of store lambs to sell, with, very often, few people to buy them.

Things have changed recently, however. The Suffolk-crossed lamb does produce produce a leaner carcase and will do so at what ever stage it goes to the abattoir, while the Hampshire and other crosses run to fat with age.

The EC sheepmeat regime which succeeded the UK deficiency payments system guarantees the prices of lamb right through the winter as long as the carcases meet the grader's standards, and that gives farmers an incentive to buy Suffolk-cross lambs for fattening. My own lambs do not always fatten well in the spring and early summer but the certainty of sale for fattening at a later stage compensates for this.

I do not remember seeing Suffolk rams at the early Wilton fairs but today it is the predominant breed. This year there were only a few Hampshires and other downland breeds.

Unlikely dairy cattle and pigs breeding rams are usually sold without performance records. They are simply judged by eye, and for the most part vendors trim and present them with great skill—a capable barber is a valuable asset for a ram breeder. The further to dazzle the buyer the rams are often coloured, although that practice is frowned on by the Wool Market Board. I usually try to buy *mine away from the* auction—when I can see them as they really are. But as long as he has good Suffolk blood in his veins I doubt that the looks of the sire really has much influence on the development of his offspring.

The dominance of the Suffolk is now being challenged, however, by a number of French breeds, just as has happened in the beef sector. The French seem to have a talent for breeding *animals which put on lean* meat and their sheep breeds—Ile de France, Bleu de Maine, Charolais etc—are becoming available in greater numbers.

Their prices are a bit high at present, but they will probably form the next generation of terminal sires. They are the result of careful breeding and selection by French farmers who do not have the inbred belief that the cross-breeding system is the only way.

My French acquaintance *has* had a point when he asked: "Why mongrelise your livestock?"

LONDON MARKETS

LONDON METAL Exchange copper prices yesterday resumed the upward trend which was interrupted on Friday, but finished below the days peaks following late profit-taking. The cash position, which had fallen £14 on Friday, ended the day £21 up at £1,106 a tonne while the three months quotation held a net advance of £21.25 at £1,090.75 a tonne. In dollar terms, however, the three months price was unchanged from Friday's late kerb close. Dealers said the New York market continued to supply LME copper's underlying strength. Aluminium prices were boosted by news of a sharpish fall last week in LME warehouse stocks of the metal. But, once again, strong gains were trimmed back near the close, influenced by a strike at Chrysler's Canadian car manufacturing facilities. Nevertheless the cash standard position on the LME closed £32 higher at £1,032.50 while the high grade price gained $40.50 to $1,735.50 a tonne. In contrast lead values came under renewed pressure and the cash LME quotation closed at £402.50 a tonne, down £10. The Chrysler strike was also a factor here as the auto industry is an important user of lead in batteries.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.)	+ or −	High/Low
	$ per tonne		
Cash	1735-6	+40.5	—
3 months	1685-6	+40.5	1685/1645

Official closing (am): Cash 1,724-45 (1,690-90), three months 1,685-95 (1,645-55), settlement 1,745 (1,690). Final Kerb close: 1,685-90. Ring turnover: 100 tonnes.

99.5% purity	£ per tonne		
Cash	1032-3	+32	1033/1032
3 months	1005-6	+33	1011/1008

Official closing (am): Cash 1,032-3 (992-3), three months 1,011-2 (975.5-76), settlement 1,033 (993). Final Kerb close: 1,008-4. Ring turnover: 28,150 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1105.5-6.5	+21	1111
3 months	1090.5-91	+21.25	1094/1085

Official closing (am): Cash 1,110.5-1.5 (1,100-0.5), three months 1,093-4 (1,084-4.5), settlement 1,111.5 (1,100.5). Final Kerb close: 1,086-6.

Standard			
Cash	1103-4	+28.5	—
3 months	1087-9	+28.5	—

Official closing (am): Cash 1,109-10 (1,086-9), three months 1,090-2 (1,077-80), settlement 1,110 (1,088). US Producer prices: 85-87 cents per pound. Total ring turnover: 43,460 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	402-3	−10	410/399
3 Months	385-7	−8	395/382

Official closing (am): Cash 408-9 (412-3), three months 391-2 (395-5.5), settlement 409 (413). Final Kerb close: 384-5. Ring turnover: 8,000 tonnes. US Spot: 42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	3190-5	+12.5	3190
3 months	3195-9	+12.5	3195/3185

Official closing (am): Cash 3,190-1 (3,195-200), three months 3,185-90 (3,204-5), settlement 3,191 (3,200). Final Kerb close: 3,190-200. Ring turnover: 702 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	456.5-7.5	−0.5	459.5
3 months	461-2	−0.25	465/461

Official closing (am): Cash 459-60 (459-60), three months 464-4.5) 464.5). settlement 460 (460). Final Kerb close: 461-2. Ring turnover: 6,900 tonnes. US Prime Western: 43-47.75 cents a pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
		Nov.	Jan.	Nov.	Jan.
Aluminium 99.5%	1,625	81	88½	35	97
	1,650	66½	88½	45½	111½
	1,675	54	60	57½	127½
Copper (Grade A)	1,725	93½	94	32½	66
	1,750	77½	81½	42	78
	—	62	60	56	105½
	£/tonne				
Copper (Grade A)	1075	44	60	21	42½
	1100	30½	36½	32½	55½
	1125	20½	29½	47	70½

RUBBER

PHYSICALS—Closing prices (buyers): Spot 70.50p (70.00p); Oct 70.25p (69.25p); Nov 70.50p (69.50p). The Kuala Lumpur fob prices (Malay-Singapore cents) per kg was: RSS No 1 268 (266); SMR 20 348 (345).

GOLD

GOLD BULLION (fine ounce)	Sept. 14	
Close	$455-455½	(£278½-279)
Opening	$456¾-457¼	(£278-278½)
M'n'g fix	$456.50	(£278.466)
Aft'n'n fix	$455.55	(£278.656)
Day's high	$457¼-457¾	—
Day's low	$454-454½	—

GOLD AND PLATINUM COINS		
Am Eagle	$469-474	(£286¼-287¾)
Mapleleaf	$470-475	(£287¼-289)
Kr'g'r'nd	$464½-467¾	(£278-279¾)
½ Krug.	$233-249	(£142½-148)
¼ Krug.	$116-124	(£71-75¾)
Angel	$468-471	(£286-288)
1/10 Angel	$46.50	(£27½-30½)
New Sov.	$107¼-108¼	(£65½-66¼)
Old Sov.	$107¼-108¾	(£65½-66¼)
Noble Plat.	$600-610	(£366¾-372½)

INDICES

REUTERS

Sept. 14	Sept. 11	M'th ago	Year ago
1666.5	1662.7	1667.0	1507.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Sept. 11	Sept. 10	M'th ago	Year ago
Spot	128.90	128.93	—	121.27
Fut	131.90	132.40	—	123.27

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Sept. 14 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1725/745	+55	$1640/660
Copper			
Cash Grade A	£1106	+21	£1112.5
3 months	£1090.75	+21.25	£1098.5
Gold Troy oz	$456.25	−2.75	$453.75
Lead Cash	£402.5	−10	£424.5
3 months	£386.5	−8	£398.5
Nickel			
Free Mkt	255/265c	−2	241/261c
Palladium oz	$136.25	−1.25	$138.00
Platinum oz	$578.50	−15.50	$590.00
Quicksilver†	$300/310	....	$275/285
Silver troy oz	461.10p	−13.45	473.95p
3 months	472.30p	−13.25	486.00p
Tin			
free Mkt	£4175/205	+35	£4190/210
Tungsten	$55.47	....	$53.69
Wolfram 22.0lb	$40/57	....	$43/58
Zinc	£457	−0.5	£506.75
3 months	£461.5	−0.25	£505
producers	$860	....	$860
OILS			
Coconut (Phil)	$490x	+5	$495
Palm Malayan	$335z	....	$320
Seeds			
Copra (Phil)	$315	−5	$325
Soyabean (U.S.)	$158	+1	$149.5
GRAINS			
Barley Fut. Nov.	£101.10	+0.55	£100.00
Maize	£158.00	....	£158.00
Wheat Fut. Nov.	£106.10	+0.10	£101.75
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1217.5	+19	£1298.5
Coffee Ft. Nov	£1385.5	+4	£1295.5
Cotton A Ind.*	83.65c	+1.5	87.50c
Gas Oil. Nov.	$157	+0.5	$159.75
Rubber (kilo)	70.5p	+0.5	70.5p
Sugar (raw)	$154.2u	−3.4	$155.6
Wooltops 64s	490p kilo	....	580p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. u Sept-Oct. y Nov. z Dec.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.90 (16.89) ringgit per kg). Up 0.01 ringgit per kg.

SILVER

Silver was fixed 13.45p an ounce lower for spot delivery in the London bullion market yesterday at 461.1p. US cent equivalents of the fixing levels were: Spot 755.5c, down 28.6c; three-month 769.35c; six-month 784.5c, down 28.85c; and 12-month 817.7c, down 28c. The metal opened at 467-468½p (767-769c) and closed at 469½-470p (767-769c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffi'c'l	+ or −
Spot	461.10p	−13.50	759c	—
3 months	472.30p	−13.25	765c	−0.5
6 months	484-35p	−13.55	—	—
12 months	508.50p	−14.05	—	—

Three months high/low 767c, final kerb 772-5c.

LME—Turnover: 3 (nil) lots of 10,000 ounces.

COFFEE

Robustas posted small gains on the nearby positions as the market traded in generally quiet and subdued conditions, reports Drexel Burnham Lambert. Dealers remained very much sidelined as the market maintained a tight range and appeared to be awaiting developments from the series of producer meetings ahead of the forthcoming ICO talks.

COFFEE	Yesterday close	+ or −	Business done
Sept.	1291-1292	−1.0	1297-1290
Nov.	1385-1386	+4.0	1334-1323
Jan.	1351-1355	+5.5	1362-1350
Mar.	1365-1367	+1.5	1375-1365
May	1387-1390	+10.0	1385
July	1405-1406	+11.5	1404-1406
Sept.	1420-1440	+7.5	—

Sales: 1,531 (2,411) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for September 11: Comp. daily 1979 107.04 (107.08): 15-day average 104.58 (103.94).

COCOA

Futures closed on a steady note, rallying £20-25 on the day. Weaker sterling coupled with short-covering and renewed commission house buying produced the steadiness. Origins remained withdrawn while manufacturers continued to price-fix, reports Gill and Duffus.

	Yesterday's close	+ or −	Business done
	£ per tonne		
Sept.	1160-1175	+6.5	1170-1155
Dec.	1217-1218	+19.0	1218-1197
March	1249-1250	+20.0	1250-1216
May	1276-1277	+24.0	1276-1242
July	1296-1297	+24.5	1297-1261
Sept.	1315-1315	+22.5	1304-1280
Dec.	1334-1337	+22.5	1337-1300

Sales: 5,817 (4,740) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for September 11: 1,504.86 (1,505.18): 10-day average for September 14: 1,543.39 (1,553.75).

FREIGHT FUTURES

An easier physical market, confirmed by a Gulf/Japan being concluded at $15.80, moved values lower, but selling met buying support and the close was steady at the lower levels, reports Clarkson Wolff.

	Close	High/Low	Prev.
	Dry Cargo		
Oct.	1046	1060/1045	1072
Jan.	1075/1080	1085/1071	1100
Apr.	1130/1140	1155/1150	1160/1165
July	1044	—	1067.5
Oct.	1130	—	1140
Jan.	1150	—	1150
April	1195	—	1205
BFI.	1049		1060.5

Turnover: 333 (105).

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Oct 95.50, Nov 98.75. US No 2 Soft Red Winter: Oct 92.00, Nov 94.50. French 11½-12 per cent: Sept 125.50 sellers. English feed, fob: Sept 106.50-107.00, Oct 107.00-107.50, Oct/Dec 108.00-109.00, Jan/March 111.00-112.00 buyer/sellers, April/June 115.50 sellers. Maize: US No 3 Yellow/French, transhipment East Coast: Sept 158.00 seller. Barley: English feed: Oct 103.00-104.00, Oct/Dec 105.00-106.00, Jan/March 109.00-110.25 buyer/sellers.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
Sep.	106.00	−0.20	98.60	+0.15
Nov.	106.10	+0.10	101.10	+0.55
Jan.	108.10	—	104.00	+0.50
Mar.	110.65	+0.05	106.15	+0.45
May	113.25	+0.15	108.00	+0.55
July	115.65	—	—	—

Business done—Wheat: Sept 105.20-4.95, Nov 106.30-5.70, Jan 108.30-7.80, March 110.80-10.30, May 113.40-2.80, July untraded. Sales: 383 lots of 100 tonnes. Barley: Sept 98.60-8.50, Nov 101.10-100.75, Jan 104.00-3.65, March 106.15, May untraded. Sales: 71 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 95.70, E. Midlands 97.40, N. East 97.00, Scotland 95.00. The UK monetary coefficient for the week beginning Monday September 21 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

Wheat eased on harvest pressure but regained early losses on consumer and shipper buying. Barley also firmed on shipper support due to Eastern bloc interest in UK market, reports T. G. Roddick.

POTATOES

Better weather forecast for much of the country boosted growers' confidence once more and values slipped, but were unable to break out of the tight range and volume remained very light, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	84.40	86.00	85.00-84.80
Feb.	92.50	94.50	—
March	86.30	86.00	85.00
Apr.	133.70	135.40	134.70-133.70
May	147.90	150.00	—

Sales: 316 (786) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)	Oct.	
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.95-17.00	+0.025
Brent Blend	18.35-18.40	+0.20
W.T.I. (1pm edt)	19.50-19.55	+0.20
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—

PRODUCTS—North West Europe
Prompt delivery cif ($per tonne)

Premium gasoline	172-175	—
Gas Oil	153-154	+1.5
Heavy fuel Oil	94-96	—
Naphtha	155-157	—

Petroleum Argus estimates

TEA

There were 25,640 *packages on offer* in this week's sale including 3,600 packages in the offshore section, reports the Tea Brokers' Association. Demand was limited. East Africans were very irregular and frequently 3-8p lower, sometimes more, apart from coloury mediums which ruled firm. Dust grades and plainer sorts remained weak. Plainer Central Africans lost ground but clean, colouty types showed little overall change. Ceylons were quite well supported but at irregularly lower prices following quality. Offshore teas met fair demand at slightly easier rates. Quotations: quality unquoted (150p): medium 102p a kg (102p): low medium 70p a kg (70p).

US MARKETS

THE STRONGER DOLLAR caused the precious metals to trade lower initially, but fund and local buying led to surprising strength in the markets in quietly traded sessions, reports Drexel Burnham Lambert. The trade was also noted as a light buyer in gold, but the markets were dominated by the locals who forced prices lower in mid-session as they liquated long positions. Copper was quiet but on the defensive as local selling touched off light stops and commission houses sold towards the close. Crude oil fell on trade selling in early *trading*, but the trade turned buyer at the lows and locals also bought as the market moved higher. Cocoa rallied on industry and trade support which was joined by speculative buying and short-covering as the market discounted disappointment over the recent ICCO meeting. Sugar eased in quiet trading as commission house sell stops were elected by local selling. The trade was a buyer at the lows. Coffee drifted lower on long-liquidation: In cotton, spill-over buying from Friday's strength and local buying steadied the market. The trade was also a light buyer. Orange juice fell as commission houses continued to roll-over positions from September to November. Cattle came under pressure as profit-taking set in in the absence of fresh incentives. Both the pork bellies and hogs moved lower in response to easier cash prices and large hog runs. Early weakness in the grains and soyabean complex resulted from favourable weekend harvesting weather and movements, but firmer cash premiums and technical buying reversed the trend despite commercial selling.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Sept	80.75	79.50	—	—
Oct	79.85	78.60	—	—
Nov	78.85	77.60	—	—
Dec	78.25	77.00	78.25	78.00
Jan	76.35	75.25	—	—
March	73.25	72.50	—	—
May	70.00	69.50	—	—
July	67.50	67.50	—	—

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	1900	1870	1900	1846
Dec	1913	1879	1820	1847
March	1931	1900	1903	1867
May	1955	1926	1957	1905
July	1990	1951	1980	1920
Sept	2070	1973	2010	1963
Dec	2033	2005	2018	1974

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Sept	112.80	114.95	115.00	112.80
Dec	115.58	117.30	117.30	115.81
March	119.05	120.75	120.20	119.00
May	121.50	121.50	122.00	121.50
July	122.75	123.64	123.00	122.25
Sept	124.00	127.50	—	—
Dec	125.18	127.80	—	—

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Sept	81.65	82.15	82.10	81.45
Oct	80.75	81.25	80.80	80.80
Nov	80.40	80.70	—	—
Dec	79.65	80.20	80.10	79.45
Jan	79.15	79.85	79.40	79.40
March	77.85	78.25	78.10	77.80
May	77.15	77.55	77.35	78.80
July	76.25	76.80	—	—
Sept	76.25	76.65	75.90	75.80
Dec	76.25	76.65	76.80	76.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	74.43	75.25	75.20	74.20
Dec	74.82	75.04	75.85	74.25
March	75.63	76.45	77.20	75.50
May	76.20	76.35	77.65	76.20
July	76.00	76.45	77.28	76.00
Oct	69.52	70.23	70.95	69.50
Dec	67.55	67.75	68.15	67.70

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
Oct	19.60	19.40	19.65	19.15
Nov	19.36	19.19	19.40	18.88
Dec	19.22	19.07	19.29	18.82
Jan	19.15	19.02	19.18	18.76
Feb	19.14	19.00	19.16	18.80
March	19.11	18.98	19.11	18.75
April	19.00	18.97	19.00	18.80
May	19.08	18.95	19.00	18.80
June	19.00	18.96	—	—
July	19.00	18.94	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	584.0	587.0	586.0	576.0
Jan	591.3	594.3	592.5	583.0
April	599.3	602.3	600.0	594.0
July	607.5	610.5	609.0	602.6
Oct	616.0	619.0	618.0	618.0

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	458.5	456.8	—	—
Oct	458.0	458.4	456.8	455.0
Nov	461.0	461.5	—	—
Dec	463.8	464.3	464.7	460.5
Feb	470.0	470.6	470.6	466.5
April	476.2	476.9	476.0	473.0
June	482.6	483.4	481.3	481.3
Oct	496.2	497.0	495.7	494.0
Dec	503.2	504.0	502.7	500.8
Feb	510.4	511.2	—	—
June	525.0	525.5	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Oct	52.95	52.41	53.00	51.85
Nov	53.50	52.84	53.50	52.25
Dec	54.00	53.33	54.10	52.80
Jan	54.60	53.85	54.60	53.25
Feb	54.65	54.10	54.65	53.45
March	52.95	52.70	52.95	52.25
April	51.50	51.45	51.50	51.50
May	50.25	50.25	—	—
June	49.25	49.85	49.25	49.25

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	137.65	137.55	137.50	136.75
Nov	129.75	130.00	129.80	129.00
March	128.45	129.45	128.75	128.30
Jan	128.40	129.20	128.50	128.25
May	129.05	130.05	129.00	129.00
July	129.90	130.40	130.00	129.00

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	764.1	804.0	771.0	765.0
Oct	766.7	772.7	—	—
Nov	772.0	778.0	—	—
Dec	777.0	783.0	785.0	785.0
Jan	781.9	822.1	—	—
March	793.7	834.6	800.0	793.0
May	805.3	846.5	840.0	809.0
July	817.5	859.0	821.0	820.0
Sept	829.8	871.9	863.0	858.0

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	5.88	6.00	5.96	5.[illegible]
Jan	6.22	6.33	6.30	6.30
March	6.69	6.20	6.76	6.65
May	6.91	6.98	[illegible]	6.88
July	7.07	7.15	7.13	7.04
Oct	7.29	7.39	7.35	7.27
Jan	7.51	7.61	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Oct	67.67	68.27	68.05	67.52
Dec	67.90	68.55	68.30	67.85
Feb	68.02	68.37	68.27	67.85
Apr	68.85	69.12	69.00	68.80
June	68.57	68.80	68.65	68.40
August	67.00	67.25	67.40	67.00
Oct	66.20	66.30	66.25	66.00

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	47.72	48.10	46.80	47.70
Dec	45.85	46.90	46.80	45.70
Feb	44.05	44.90	44.75	44.00
April	41.82	42.30	42.30	41.80
June	43.60	44.32	44.38	43.40
July	44.45	44.95	44.60	44.30
Aug	43.30	43.05	43.50	43.10
Oct	40.80	40.77	40.87	40.75

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	High	Low	Prev
Sept	170.2	165.0	170.4	165.0
Dec	177.0	174.2	177.4	172.4
March	186.2	184.0	186.8	1824
May	191.0	188.6	191.0	187.0
July	192.6	191.4	193.8	189.6
Sept	191.0	190.2	191.4	191.0
Dec	196.6	195.6	196.6	194.6

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	58.67	60.17	59.85	59.60
March	58.10	59.67	59.05	57.35
May	58.90	60.50	59.65	59.50
July	58.35	59.85	59.50	58.15

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Sept	528.2	526.6	529.2	526.0
Nov	532.4	529.0	533.4	525.4
Jan	536.4	504.8	539.2	531.4
March	544.6	541.0	545.0	537.4
May	549.6	546.4	550.2	543.0
July	552.0	548.8	552.4	545.0
August	549.4	545.0	549.4	543.0
Sept	540.0	537.4	540.0	536.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Sept	15.80	15.70	15.80	15.66
Oct	15.86	15.77	15.89	15.74
Dec	16.25	16.14	16.28	16.10
Jan	16.38	16.30	16.45	16.29
March	16.70	16.61	16.70	16.60
May	16.95	16.86	16.96	16.85
July	17.15	17.05	17.15	17.05
August	17.16	17.10	17.20	17.16
Sept	17.16	17.15	17.30	17.16
Oct	17.35	17.22	17.30	17.40

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Sept	178.0	174.8	178.3	173.5
Oct	173.1	170.0	173.5	168.7
Dec	169.6	167.8	170.2	166.5
Jan	167.8	166.2	168.2	164.7
March	166.5	165.6	166.9	163.5
May	165.9	165.2	166.0	163.0
July	164.7	164.0	165.0	162.5
Aug	163.5	162.0	163.0	164.0
Sept	162.8	160.5	162.5	162.8

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
Sept	284.2	281.0	284.4	280.0
Dec	298.0	295.0	298.0	293.0
March	303.0	300.6	303.0	299.0
May	297.0	294.4	297.2	293.6
July	283.0	281.4	[illegible]	281.0
Sept	286.0	284.4	—	—

SPOT PRICES: Chicago loose lard 16.00 (15.50) cents per pound. Handy and Harman silver bullion 769.0 (768.0) cents per troy ounce. New York tin 316.5-318.0 (318.0-319.0) cents per pound.

SUGAR

PARIS—Whites (FFr per tonne): Oct 1090-1092, Dec 1096-1100, March 1129-1132, May 1154-1158, Aug 1175-1183, Oct 1195-1208.

LONDON DAILY PRICE—Raw sugar $154.20 (£94.20), down $3.40 (down £1.60) a tonne for September/October delivery. White sugar $182.00, down $3.00.

	Yesterd'a close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct.	138.4-138.6	136.4-138.8	138.4-133.2
Dec.	140.0-140.4	143.5-144.0	141.6-139.8
Mar.	149.8-150.0	151.8-152.2	152.4-149.8
May	154.8-154.2	156.2-156.6	156.8
Aug.	158.0-158.6	158.0-158.8	158.2
Oct.	162.8-165.0	164.4-164.8	164.8-163.0
Dec.	166.4-168.0	168.0-169.4	—
No. 5 Whites			
Oct.	181.5-182.0	181.0-182.0	182.8-165.0
Dec.	179.8-181.5	181.6-185.5	182.0-180.2
Mar.	186.0-186.9	188.9-187.1	187.0-184.5
May	188.5-189.3	188.8-187.0	189.5-139.0
Aug.	192.6-195.0	193.7-194.1	184.0-193.5
Oct.	185.5-187.0	187.0-190.1	187.0-188.8
Dec.	198.5-201.5	199.0-202.1	—

Sales: No 6 1,554 (3,130) lots of 50 tonnes: No 5 2,596 (1,800).

Tate and Lyle delivery price for granulated basis sugar was £198.50 (£200.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for September 11: Daily price 5.73 (5.90): 15-day average 5.51 (same).

COTTON

LIVERPOOL—Spot and shipment sales for the week ended September 10 amounted to 180 tonnes, against 852 tonnes in the previous week. Slow trading persisted with dealings mainly in African and Middle Eastern descriptions.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering boosts dollar

SHORT COVERING pushed the dollar higher yesterday, but underlying sentiment suggested the trend would be short lived.

The market was generally short of dollars in the run up to Friday's US trade figures. A record trade deficit of $16.47bn in July failed to establish the US currency below DM1.79 and Y141 in New York on Friday, and this was followed by technical covering of short positions.

Buying of the dollar continued in Europe and early New York trading yesterday, but dealers noted strong resistance at DM1.82 and Y145.

The dollar rose to DM1.8170 from DM1.8005; to Y144.40 from Y142.80; to SFr1.5070 from SFr1.4895; and to FFr6.0675 from FFr6.0250.

On Bank of England figures the dollar's index rose to 101.4 from 100.4.

Trading among members of the European Monetary System was calm and quiet after the weekend meeting in Denmark of finance ministers from the European Community.

The Italian lira, improved after measures announced by the Italian Government aimed at defending the lira, and pressure on the weakest placed Danish krone eased. The French franc improved in terms of the D-mark.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. August average 1.5985. Exchange rate index fell 0.2 to 72.9, compared with 71.6 six months ago.

Sterling fell against the stronger dollar, but was little changed against other major currencies.

Mr Nigel Lawson, UK Chancellor, stressed his commitment to exchange rate stability at the weekend meeting of EC finance ministers, but gave no indication of any timing for the pound's full membership of the EMS.

A rise of 0.5 per cent in August UK retail sales was above most forecasts, but below the rise of 1.4 per cent in July. The increase of 0.3 per cent in August producer output prices and 0.5 per cent in input prices was within the range of most expectations, and these figures had no impact.

The pound fell 1.35 cents to $1.6365-1.6375, and retreated to FFr 9.9325 from FFr 9.9450, but rose to DM 2.9750 from DM 2.9725; to SFr 2.4675 from SFr 2.4575; and to Y236.50 from Y235.75.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. August average 1.8573. Exchange rate index 146.7 against 146.7 six months ago.

The D-Mark lost ground to the dollar in Frankfurt, with the US currency closing at DM1.82, against DM1.7940 on Friday.

Earlier the Bundesbank did not intervene when the dollar was fixed at DM1.8177, compared with DM1.8057 on Friday.

Dealers suggested the trend is likely to be for a weakening of the US currency, but yesterday it was boosted by stop loss selling of the D-Mark after the dollar broke through resistance at DM1.8130.

The weekend agreement of finance ministers from the European Community to strengthen control over exchange rates tended to weaken the D-Mark, particularly against the French franc, which was fixed at DM29.950 per 100 francs, compared with DM29.875 on Friday.

JAPANESE YEN—Trading *range against the dollar in 1987 is* 159.45 to 138.35. August average 147.57. Exchange rate index 220.3 against 211.0 six months ago.

The yen fell back against the dollar in Tokyo. The US currency was boosted by short covering and speculative buying.

Sentiment pointed to a weakening of the dollar in the long term, but a possible short term upturn, although *dealers were reluctant* to take out large positions ahead of today's closure of the Tokyo market for a public holiday.

The dollar closed in Tokyo at Y143.90, unchanged from Friday's New York *finish*, but up from Y142.55 in Tokyo on Friday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0963	+1.50	+0.80	±1.5344
Danish Krone	7.85212	8.00433	+1.94	+1.24	±1.6404
German D-Mark	2.05853	2.07429	+0.77	+0.07	±1.0981
French Franc	6.90403	6.92535	+0.31	−0.39	±1.3674
Dutch Guilder	2.31943	2.33478	+0.66	−0.04	±1.5012
Irish Punt	0.768411	0.776379	+1.04	+0.34	±1.6684
Italian Lira	1483.58	1497.31	+0.93	+0.88	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

POUND SPOT—FORWARD AGAINST THE POUND

STERLING INDEX

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

CURRENCY RATES

EURO-CURRENCY INTEREST RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

Saudi Ar.	6.1295-6.1345	3.7500-3.7510
Singapore	3.4155-3.4215	2.0920-2.0930
S. Af. (Cm)	3.3455-3.3610	2.0460-2.0500
S. Af. (Fn)	5.3260-5.5055	3.2520-3.3615
Taiwan	49.30-49.55	30.05-30.15
U.A.E.	6.0025-6.0080	3.6725-3.6735

*Selling rate.

Correction For Sept. 11, Sin'pore £3.4400-3.4500

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Sterling prices mixed

THREE-MONTH sterling deposits were slightly firmer in the London International Financial Futures Exchange yesterday but finished virtually unchanged from opening levels. Sentiment was influenced by rumours concerning sterling's entry into the exchange rate mechanism of the EMS and the implications of less volatility in currency movements.

However, after the firmer start, there appeared to be little follow through demand and with the pound holding steady against its European partners but weaker against the dollar, there was little incentive to move either way until later in the afternoon when a lower start in the US and weaker UK gilt prices ensured a change of heart.

Consequently the December contract gave up its earlier gains to finish at 89.52, up from Friday's close of 89.48 but down from the day's high of 89.53 and unchanged from the opening.

UK statistics released yesterday included a 0.3 per cent rise in UK producer prices and a 0.5 per cent increase in retail sales. Neither created much of a stir and attention was really focussed on Friday's release of UK money supply figures.

Interest in gilt futures saw values open at the day's highs but there was a lack of follow through demand and prices were marked down during the afternoon in relatively low volume. The December contract opened at 114-20, up from 114-08 and touched a high of 114-24 before coming back to touch a low of 113-31. It closed at 114-02.

US Treasury bonds finished higher overall but were below the day's highs. Dealers were influenced by the dollar's firmer trend but were sceptical about how long it would last. The December price opened at 83-30 up from 83-03 and rose to a high of 84-11 before closing at 83.24.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
108	6.28	7.20	0.24	1.10
110	4.48	5.57	0.44	1.47
112	3.20	4.40	1.16	2.30
114	2.08	3.25	2.04	3.15
116	1.19	2.32	3.15	4.22
118	0.47	1.51	4.43	5.41
120	0.24	1.16	6.20	7.06
122	0.12	0.54	8.08	8.44

Estimated volume total, Calls 1,246 Puts 764

Previous day's open int: Calls 20,379 Puts 13,615

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
76	7.58	7.23	0.18	0.35
78	6.07	5.50	0.23	0.62
80	4.32	4.25	0.48	1.37
82	3.03	3.14	1.24	2.26
84	1.59	2.18	2.11	3.30
86	1.02	1.35	3.18	4.47
88	0.34	1.01	4.50	6.13
90	0.16	0.41	6.32	7.53

Estimated volume total, Calls 32 Puts 90

Previous day's open int: Calls 643 Puts 374

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Sept.	Calls—Last Oct.	Puts—Last Sept.	Puts—Last Oct.
22750	2.55	7.85	3.75	4.55
23000	1.62	6.50	5.32	5.70
23250	0.97	5.31	7.17	7.01
23500	0.55	4.28	9.25	8.48
23750	0.29	3.41	11.49	10.11
24000	0.14	2.68	13.84	11.88
24250	0.07	2.07	16.27	13.77
24500	0.03	1.58	18.73	15.78

Estimated volume total, Calls 1 Puts 17

Previous day's open int: Calls 498 Puts 259

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE-EURODOLLAR OPTIONS

LONDON

CHICAGO

SWISS FRANC (IMM)

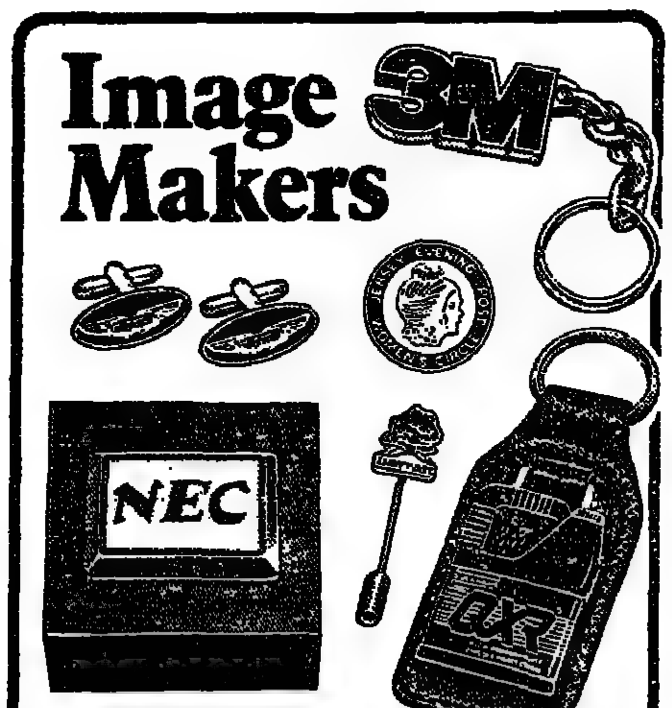
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6630	0.6652	0.6606	0.6671
Dec.	0.6683	0.6715	0.6668	0.6738
Mar.	0.6745	0.6777	0.6735	0.6804
Jun.	0.6830	—	0.6830	0.6872

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Sept.	—	324.00	321.90	322.00
Dec.	324.80	326.80	324.80	324.70
Mar.	328.60	330.00	328.60	327.90
June	331.70	332.80	—	331.00



£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 14 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.25
Albania	Lek	9.9722
Algeria	Dinar	7.6518
Andorra	French Franc	9.9325
Ghana	Cedi	275.8560
Gibraltar	Gibraltar £	1.0
Greece	Drachma	227.47
Greenland	Danish Krone	11.4850
Panama	Balboa	1.6370
Papua New Guinea	Kina	1.4521
Paraguay	Guarani	523.04 / 1312.18
French C'ty in Africa	C.F.A. Franc	496.23
French Guiana	Local Franc	9.9325
French Pacific Islands	C.F.P. Franc	178.00
Gabon	C.F.A. Franc	496.23
Gambia	Dalasi	12.1904
Germany (East)	Ostmark	2.9750
Germany (West)	Deutsche Mark	2.9750
New Zealand	N.Z. $	2.6235
Nicaragua	Cordoba	3589.65
Niger Republic	C.F.A. Franc	496.23
Nigeria	Naira	6.9975
Norway	Norwegian Krone	10.92
Oman Sultanate of	Rial Omani	0.6320
Pakistan	Pakistan Rupee	28.20
Western Samoa	Tala	(A) 3.3695
Yemen (North)	Ryal	(A) 16.85
Yemen (South)	S. Yemen Dinar	0.5620
Yugoslavia	New Y. Dinar	1345.00
Zaire Republic	Zaire	196.630
Zambia	Kwacha	12.60
Zimbabwe	Zimbabwe $	2.7650

‡Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. *(2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public* Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all business transactions. (15) Nigeria, Auction price for dollar N/A. (16) Bolivia, New Currency introduced (Boliviano, worth 1m Pesos) Jan 1 1987.

MONEY MARKETS

UK interest rates slightly easier

INTEREST RATES finished slightly lower where changed in the London money market yesterday. *Short term rates were* affected by the relatively easy supply of short term credit while a fall in longer term rates reflected increased hopes of an early move by sterling into the exchange rate mechanism of the EMS.

A number of UK statistics are due *for* release this week with Friday's money supply figures seen as the most important.

UK clearing bank base lending rate 10 per cent since August 7

Yesterday's economic data, which included a 0.3 per cent rise in UK producer prices and a 0.5 per cent increase in retail sales appeared to have little effect.

Three-month interbank money was quoted at 10⅛-10 per cent compared with 10$\frac{3}{16}$-10$\frac{1}{16}$ per cent while the 12-month rate eased to 10$\frac{11}{16}$-10½ per cent from 10¾-10⅝ per cent.

Overnight interbank money opened at 10 per cent and eased to a low of 5 per cent.

The Bank of England forecast a surplus of around £100m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £250m and banks' balances *brought forward below target* accounting for £25m. They were offset by a fall in the note circulation of £370m while Exchequer transactions added just £5m.

The forecast was revised to a surplus of around £450m and the Bank gave no assistance in the morning. A further revision took the forecast to a shortage of around £350m and the authorities took out the surplus by selling £352m of Treasury bills, due to mature on September 23, at 9-9¼ per cent.

In Frankfurt *call money* was quoted at 3.55-3.65 per cent, little changed from Friday's level of 3.50-3.60 per cent. This reflected a relatively relaxed position *enjoyed by commercial banks in* their attempt to secure short dated funds.

Later this week banks are expected to see money drained by corporate tax payments but with no sale and repurchase agreements expiring, there seemed to be little chance of a strong drain on short term liquidity. Figures showed that *commercial banks* were well on target to meet end of month minimum reserve requirements.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	MONDAY SEPTEMBER 14 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	FRIDAY SEPTEMBER 11 1987 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1987 High	1987 Low	Year ago (approx)
Australia (93)	169.57	-0.3	153.57	155.02	2.42	170.09	152.79	155.19	170.35	99.92	79.64
Austria (16)	97.31	-1.0	88.13	91.99	2.28	98.24	88.25	91.55	101.62	85.53	93.06
Belgium (48)	129.62	+0.0	117.39	121.47	3.96	129.61	116.42	119.86	134.89	96.19	89.78
Canada (129)	135.84	+0.1	123.02	129.64	2.30	135.69	121.89	129.50	141.78	100.00	98.54
Denmark (39)	115.70	-2.3	104.79	110.39	2.60	118.43	106.38	112.06	124.83	98.18	93.35
France (121)	114.84	-0.5	104.01	109.30	2.60	115.42	103.68	109.08	121.82	98.39	93.84
West Germany (92)	102.93	+0.5	93.22	97.23	1.96	102.41	92.00	95.87	104.93	84.00	93.59
Hong Kong (45)	145.86	-0.5	132.10	146.04	2.47	146.55	131.64	146.68	147.36	96.89	77.44
Ireland (14)	141.90	-0.7	128.51	135.97	3.33	142.87	128.33	135.47	145.49	99.50	86.12
Italy (76)	85.10	-2.1	77.07	83.35	2.20	86.95	78.11	84.68	112.11	84.22	97.98
Japan (458)	142.48	-0.5	129.04	130.05	0.53	143.14	128.57	129.20	161.28	100.00	97.73
Malaysia (36)	178.99	-0.3	162.11	173.74	2.12	179.52	161.26	173.75	193.64	98.24	89.86
Mexico (14)	407.93	+0.3	369.45	679.05	0.44	406.91	365.52	677.13	422.59	99.72	57.83
Netherland (37)	126.31	-0.3	114.40	117.92	3.85	126.75	113.86	117.06	131.41	99.65	97.05
New Zealand (24)	133.17	+0.8	120.61	113.27	2.62	132.15	118.71	112.77	133.17	83.93	70.59
Norway (24)	177.02	-1.0	160.32	160.26	1.73	178.89	160.69	160.26	179.04	100.00	105.53
Singapore (27)	172.51	-0.3	156.23	166.35	1.47	173.02	155.41	166.44	174.28	99.29	90.46
South Africa (61)	184.39	-1.3	167.00	133.27	3.14	186.84	167.83	135.04	198.09	100.00	103.43
Spain (43)	161.63	+0.9	146.39	149.27	2.68	160.24	143.94	146.53	161.63	100.00	93.38
Sweden (33)	131.38	-0.5	118.99	124.58	1.88	132.10	118.66	124.03	132.10	90.85	96.40
Switzerland (53)	107.43	-1.1	97.29	100.37	1.68	108.65	97.59	100.33	110.00	92.01	93.05
United Kingdom (333)	152.48	-0.4	138.10	138.10	3.27	153.08	137.51	137.51	162.87	99.65	97.42
USA (588)	131.87	+0.3	119.43	131.87	2.78	131.49	118.11	131.49	137.42	100.00	96.46
Europe (929)	126.44	-0.4	114.52	117.38	2.84	126.92	114.01	116.80	128.35	99.78	95.64
Pacific Basin (683)	143.65	-0.4	130.10	131.43	0.68	144.29	129.61	130.65	158.77	100.00	96.33
Euro-Pacific (1612)	136.83	-0.4	123.92	125.81	1.48	137.40	123.43	125.12	143.65	100.00	96.06
North America (717)	132.08	+0.3	119.62	131.77	2.76	131.71	118.31	131.40	137.55	100.00	96.57
Europe Ex. UK (596)	110.28	-0.4	99.88	104.51	2.47	110.69	99.43	103.94	111.97	98.02	94.59
Pacific Ex. Japan (225)	158.09	-0.3	143.18	148.56	2.39	158.53	142.41	148.80	158.53	99.92	78.80
World Ex. US (1816)	137.48	-0.4	124.51	126.34	1.53	138.05	124.00	125.70	143.38	100.00	96.17
World Ex. UK (2071)	133.58	-0.1	120.98	127.62	1.86	133.74	120.13	127.07	138.82	100.00	96.17
World Ex. So. Af. (2343)	134.94	-0.1	122.21	128.51	1.99	135.12	121.38	127.94	139.47	100.00	96.22
World Ex. Japan (1946)	131.83	+0.0	119.39	127.88	2.77	131.81	118.40	127.48	134.03	100.00	95.56
The World Index (2404)	135.26	-0.1	122.50	128.59	2.00	135.46	121.67	128.03	139.73	100.00	96.26

Base values: Dec 31, 1986 = 100

Latest prices for Norway were unavailable for 14 September. *Geneva & Zurich markets closed.*

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Last	Feb 88 Vol.	Last	May 88 Vol.	Last	Stock
GOLD C	$440	77	27.50	—	—	—	—	$456.80
GOLD C	$480	46	8.50	175	20.50	—	—	"
GOLD C	$500	70	4.50	2	13.20	—	—	"
GOLD P	$440	—	—	20	9	22	13.90	"

TOTAL VOLUME IN CONTRACTS: 48,041

A=Ask B=Bid C=Call P=Put

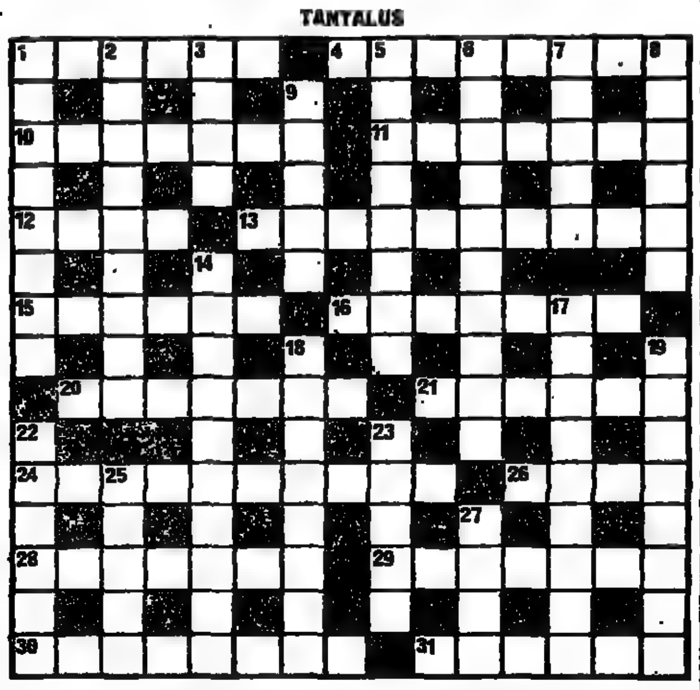
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat. Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sunwise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

FT CROSSWORD PUZZLE NO. 6,430

TANTALUS



ACROSS

1 Thanks to poet, acquire a herald's coat (6)
4 Got bream exchanged for a fine pear (8)
10 It makes an example of one (7)
11 Reason for a fixed design (7)
12 The first female bird at that time (4)
13 Nearly everyone by the farm has a share (10)
15 If returning to Israeli port, get a cab (6)
16 Sports ground must aid development (7)
20 Intend the German to have a winding course (7)
21 Request change of air for East African soldier (6)
24 Hope I can tape it with alterations! (10)
26 Be rejected—that's bad (4)
28 Infertile sire let off (7)
29 Extolled treatment of despair (7)
30 I'd a right to be in new play as stone cutter (8)
31 Irritate with a small sharp instrument (6)

DOWN

1 Court official gives gratuity to employees (8)
2 Agent has time to make commission (9)
3 Swindle a man on board (4)
5 Outdated pistol adapted for daring deeds (8)
6 Cram some unfinished reading material (10)
7 I wander up to Antipodean (5)
8 Pretty New York maid (6)
9 Fish in the ocean gleam (5)
14 Magnificent young person part of the family (10)
17 Rash US dive and disaster! (9)
18 Come into view again and cut down fruit (8)
19 Remove boy going up to Freemason's branch (8)
22 Number on a ship lifted the French slave (6)
23 Restrains son with toys (5)
25 Heads turn when each realises pianist is a fool (5)
27 Traveller in the Orient? (4)

Solution to Puzzle No 6,429

CHAPTER ARTDECO
WAGER CABLEGRAM
LIEINWAIT ROLLS
PEARS GENDARMES
PRESIDENT SENOR
OWING CHICANERY
PAPERBACK THETA
RATTRAP ROASTED

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
Allied Dunbar Unit Trusts PLC (a)(c)
Arkwright Management
Ansbacher Unit Mgmt. Co. Ltd
Atlantic Unit Managers Ltd
Baillie Gifford & Co Ltd
Baltic Trust Managers Ltd
Barclays Unicorn Ltd(a)(c)(g)
Baring Fund Managers Ltd
Barrington Trusts
Bell Court Fund Mngt PLC
Bishopsgate Progressive Mgmt. Co
Brewin Dolphin Unit Tst Mngrs Ltd
Bridge Fund Managers (a)(c)
Britannia Unit Trust Managers Ltd
Brown Shipley & Co Ltd (a)(g)
Brown Shipley & Co.—Contd.
Bryccurt Unit Trust Mngmt Ltd
Buckmaster Management Co Ltd (a) (c)
Burrage Unit Trust Mngmt Ltd
CCL Unit Trusts Limited
CS Fund Managers Limited
Canada Life Unit Trust Mngrs. Ltd
Cannon Fund Managers Ltd
Capel (James) Mngt. Ltd
Capital House Unit Trust Mngrs
Cent. Bd. of Fin. of Church of England
Charities Official Invest. Fund
Chase Manhattan Fund Mngrs Ltd
Clerical Medical Unit Trust Managers Ltd
Commercial Union Trust Managers
Confederation Funds Mngt Ltd (a)
Cornhill Unit Trust Mngrs Ltd
County Unit Trust Managers
Crown Unit Trust Services Ltd
Crusader Unit Trust Managers Ltd
Dartington Unit Trust Mngt. Ltd
Discretionary Unit Fund Managers
Dunedin Unit Tst Mngrs Ltd
EBC Amro Unit Trust Managers Ltd
Eagle Star Unit Managers Ltd
Enterprise Fund Managers Ltd
Equitable Units Administration Ltd
Equity & Law Un. Tr. M. (a) (c)
F & C Unit Management Ltd
F & C Unit Management—Contd.
FS Investment Managers Ltd
Fidelity Investment Services Ltd
Framlington Group (a)
Robert Fleming & Co Ltd
Robert Fraser Trust Mgt. Ltd
Friends Provident Unit Trusts(a)(b)(c)
Funds in Court
GT Unit Managers Ltd
G. & A. Trust (a) (g)
Gartmore Fund Managers (a) (g)
Global Asset Management
Govett (John) Unit Mngt. Ltd
Granville Unit Tst Mngmt Ltd
Grieveson Unit Trust Managers
Grofund Managers Limited
Guardian Royal Ex. Unit Mgrs. Ltd (a)(c)
Guinness Mahon Unit Trust Mngrs Ltd
Hambro General Fund Managers Ltd
Hambros Bank Unit Trust Managers Ltd (g)
Henderson Administration (a)(c)(g)
Henderson Administration—Contd.
Hexagon Services Ltd
Highcliffe Unit Trust Management Limited
Hill Samuel Unit Tst. Mgrs.
IBI Fund Managers Ltd (a)(g)
Key Fund Managers Ltd (a)(g)
LAS Unit Trust Managers Ltd
L & C Unit Trust Management Ltd
Laurentian Unit Tst Mngmt Ltd
Lazard Brothers & Co Ltd
Legal & General (Unit Tst. Mngrs.) Ltd
Leonine Administration Ltd
Lloyds Bk. Unit Tst. Mngrs. Ltd (a)
Local Authorities' Mutual Invest. Tst.
London & Manchester (Tst Mngmt) Ltd
M & G Group (y)(c)(z)
MGM Unit Managers Ltd
MLA Unit Trust Management Ltd
MLS Investment Management Ltd
ManuLife Management Ltd
Mayflower Management Co Ltd
Medical Investments Limited

FT UNIT TRUST INFORMATION SERVICE

Barclays Fund Managers Ltd (z)
33 King William St. EC4R 9AS — 01-280 2060

American Growth	119.1	121.9	+2.9	1.96
(Accum Units)	120.5	127.5	+3.0	2.36
American Income	51.6	54.9	+0.3	4.57
(Accum Units)	58.3	54.5	+0.4	4.67
Australia Inv Cos Fd	51.1	54.0	+0.9	0.47
(Accum Units)	51.1	54.0	+0.9	0.47
British Blue Chip Fund	52.5	55.5	+0.6	2.33
(Accum Units)	52.5	55.5	+0.0	2.33
European Growth	158.7	167.9xd	+0.7	1.49
(Accum Units)	165.7	175.3xd	+0.7	1.49
European Income	85.5	90.6	+0.3	3.36
(Accum Units)	89.6	95.0	+0.3	3.36
Exempt	558.8	568.0xd	—	2.36
(Accum Units)	567.5	582.0xd	—	2.36
General	381.3	405.6xd	+2.0	1.25
(Accum Units)	637.2	674.2xd	+3.5	1.25
Gilt	87.0	87.6	+0.0	7.77
(Accum Units)	103.5	104.0	+0.1	7.77
Global Fund	52.1	55.1	+0.7	0.67
(Accum Units)	52.1	55.1	+0.7	0.67
High Income Fund	54.0	57.1xd	+0.4	4.65
(Accum Units)	54.9	58.1xd	+0.4	4.65
High Interest Fund	43.1	45.8	+0.1	9.89
(Accum Units)	49.5	56.0	+0.1	9.89
Income	126.7	134.0xd	+0.3	2.61
(Accum Units)	146.2	154.7xd	+0.4	2.61
International	318.9	339.5	+3.0	1.31
(Accum Units)	388.5	411.1	+3.6	1.31
Japan	205.9	217.8	+0.6	0.57
(Accum Units)	211.4	223.7	+0.6	0.57
Pacific Fund	60.2	63.7	+0.6	0.10
(Accum Units)	60.2	63.7	+0.6	0.10
Recovery	322.9	342.7	+3.8	1.43
(Accum Units)	352.7	372.6	+4.1	1.43
UK Smaller Co's Fund	93.9	99.1xd	—	1.67
(Accum Units)	94.5	99.7xd	+0.1	1.67

Merlin Fund Mngmt Ltd
30 St James St, London SW1A 1RB — 01-925 1277

Merlin Sept 8	627.5	635.5	—	1.08

Metropolitan Unit Trust Mngrs Ltd
5 Darkes Lane, Potters Bar EN6 1AJ. — 0707 45184

UK Income Fund	64.6	68.7xd	+1.4	4.52
Accum Units	65.3	69.4xd	+1.4	4.52
UK Growth Fund Acc	62.8	66.8	+0.7	1.50
Global Income Fund	49.6	52.7	+0.7	3.80

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. — 01-588 3963

PM Equity Growth	119.8	127.5	—	1.01
PM Income and Growth	104.2	110.9xd	—	2.98
PM N American Growth	57.7	61.5	—	0.34
PM European Growth	52.6	55.9	—	0.55
PM Japan Growth	71.3	75.8	—	0.36
PM Overseas Growth	56.6	60.2	—	0.43

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	94.0	98.8xd	+0.6	.95
Holborn Equity Income	73.7	77.9xd	—	5.52
Holborn Equity Tst	595.4	630.0	—	2.14
Holborn European Tst	125.9	133.2	—	0.62
Holborn Gilt Tst	206.6	215.5	—	7.21
Holborn High Inc Tst	89.1	94.2xd	—	4.57
Holborn Intl Grth Tst	124.5	132.0	—	.667
Holborn Intl Em Co	—	50.9	—	0.85
Holborn Japanese Tst	136.4	144.3xd	—	.244
Holborn N. Amer. Tst	95.0	100.5	—	.480
Holborn Sm Cos Tst	80.9	85.6	—	1.36
Holborn Spec Sits Tst	105.7	111.8	—	1.32
Holborn UK Growth Tst	117.3	124.1xd	—	1.51

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen. Fd	670.8	709.6	—	1.58
Quadrant Income	334.3	363.0	—	3.77
Quadrant Int. Fund	457.4	484.9	—	1.03
Quadrant Spec. Sit	461.5	488.4	—	1.35

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 510033

British Life	246.4	262.1	+0.2	2.30
Sn-sable Dbl Tst (Inc)	172.6	183.3	+2.2	1.84
Reliance Ut Tst (Acc)	232.0	246.7	+3.0	1.84

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. — 051-227 3030

Rensburg Growth Trust	51.0	53.7	—	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 — 01-634 2981/4

NC America (Inc)	336.5	357.9xd	+0.2	0.67
NC America (Acc)	371.3	395.9	+2.0	0.68

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INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt-Edged Int.	274.8			—
Do. Accum	276.7			—
Guaranteed Int.	158.9			—
Do. Accum	195.6			—
International Int.	312.9			—
Do. Accum	630.2			—
Index Lk. Gilt Int.	134.1			—
Do. Accum	165.0			—

Merchant Investors Assurance

Leon House, 233 High St, Croydon 01-686 9171

Property	319.5	+0.1	—
Property Pens.	428.8	+0.3	—
Equity	197.3	+0.3	—
Equity Pens.	893.0	+1.7	—
Money Market	295.9	+0.8	—
Money Mkt. Pens.	532.7	+1.5	—
Deposit	239.0	+0.1	—
Deposit Pens.	382.2	+0.3	—
Managed	297.5	+0.2	—
Managed Pens.	574.3	+0.6	—
Intl. Equity	356.4	+1.3	—
Do. Pens.	580.2	+3.1	—
Intl. Managed	326.2	+1.0	—
Do. Pens.	487.1	+2.1	—
North American	134.6	+0.5	—
Do. Pens.	155.5	+0.9	—
Far East	296.7	+1.3	—
Do. Pens.	438.7	+3.0	—
Intnl. Currency	168.4	-0.6	—
Do. Pens.	216.9	-1.0	—
Index Linked	127.7	+0.5	—
S & C Managed Fd	142.6	+0.1	—
S & C Pens Mngd Fd	115.9	+0.1	—
Bell Chambers	129.8	+0.3	—
Loran & Loran	117.4	-0.2	—
Trustlink Life Funds			
Per Worldwide Rec.	170.6	+1.2	—
Per Far East Growth	222.7	+2.0	—
Per Intl Growth	164.7	+1.1	—
Per Income	176.5	+0.1	—
Per Emerging Co's	160.1	+0.8	—
Per American Growth	147.7	+1.2	—
Per European Growth	137.2	+0.1	—
Fra American & Gen	125.9	+1.1	—
Fra Capital	182.3	-0.4	—
Fra Income	189.5	-0.7	—
Fra Intl Growth	137.5	+0.7	—
Fra Japan & Gen	182.5	+0.3	—
Fra Recovery	198.2	+0.7	—
Fra Convertible & Gilt	143.9	+0.0	—
Fra European	140.2	+0.0	—
GAR American	123.4	+1.4	—
GAR European	164.8	+0.6	—
GAR Far Eastern	194.4	+1.2	—
GAR British	181.1	-0.6	—

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Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	57.5	60.6	+0.3	—
Stock Market Mngd Fund	59.4	62.6	+0.4	—
Equity Fund	64.0	67.4	+0.4	—
International Fund	56.1	59.1	+0.4	—
European Fund	59.7	62.9	+0.3	—
North American Fund	51.3	54.0	+0.6	—
Pacific Fund	64.6	68.0	—	—
Property Fund	52.1	54.9	—	—
Fixed Interest Funds	48.0	50.6	+0.1	—
Index Linked Sec Fund	45.5	47.9	+0.1	—
Deposit Fund	51.3	54.0	—	—
NUAM Retirement Plans				
Mixed Fund	61.4	64.7	+0.2	—
UK Ordinary Share	73.1	77.0	+0.2	—
International Fund	57.8	60.9	+0.5	—
Property Fund	52.2	55.0	—	—
Fixed Interest Fund	49.6	52.3	+0.1	—
Index Linked Sec Fund	45.7	48.2	+0.2	—
Deposit Fund	53.3	56.2	—	—
NUAM (DSF)				
Managed Fund	790.8	832.5	+4.9	—
Equity Fund	1708.9	1798.9	+13.5	—
Property Fund	324.6	341.7	+0.1	—
Fixed Interest Fund	354.0	372.7	+0.5	—
Deposit Fund	209.2	220.3	—	—
International Fund	145.7	153.4	+1.1	—
Index Linked Sec Fund	45.5	47.9	+0.1	—

Norwich Union Life Insurance Soc.

PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster & Unit-Linked Plus*				
Fixed Interest Fund	249.2	262.3	—	—
Index-Linked Sec Fund	129.3	136.1	—	—
Ordinary Share Fund	533.3	561.3	—	—
International Fund	147.2	154.9	—	—
Property Fund	162.6	171.1	—	—
Deposit Fund	167.1	175.8	—	—
Mixed Fund	342.2	360.2	—	—
Norwich Units Aug 15		1035.5		

*Prices as at June 30.

Pearl Assurance (Unit Funds) Ltd

252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	155.1	163.3	+0.1	—
Prop. Acc. (Gross) (z)	242.9	255.7	+0.1	—
Equity (Gross) (z)	776.5	817.4	-1.2	—
Managed (Gross) (z)	516.9	544.25	—	—
Prop. Acc. (Net) (z)	111.9	117.8	+0.1	—
Equity (Net) (z)	166.0	174.8	+0.2	—
Managed (Net) (z)	149.1	157.0	+0.3	—
Interest'nal (net) (z)	146.3	154.0	+0.5	—
Gilt & Fxd Interest	91.7	96.6	+0.6	—

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Provincial Life Assurance Co Ltd(z)

[illegible]

Royal Heritage Life Assur.—Contd.

[illegible]

Skandia Life Assur.—Contd.

[illegible]

Teachers' Assurance Company Ltd

[illegible]

The Porchester Group

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53	..	3.50	16.60
52	40	Do. 6pc 28 Stb. Ass.	52xd		3	15.77
50	45	Do 4pc Mixed Ass.	50		2	14.23
66	58	Hung. '24 Ass	64		2.75	14.30
146¼	127⅞	Hydro Quebec 15pc 2011	129⅞	+½	15.00	11.33
136¼	115½	Iceland 14½pc Ln 2016	122¼xd	+¼	14.50	11.76
96½	94	Ireland 9¾pc '91-96	96xd	..	9.75	10.31

AMERICANS

1987 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
42	32¾	Abbott Laboratories$1	38¾	+1¼	$1.00	—	1.6
40⅝	24⅝	Alcoa $1	37⅛	+1½	$1.20	—	2.0
18⅞	13⅞	♦Allegheny & W $0.01	14⅛	+¼	30c	—	1.3
19⅝	8⅜	Amax $1	16⅛	−⅛	—	—	—
27⅛	17⅛	Amdahl 5c	26½	+1	20c	—	0.5
35⅝	25⅛	Amer. Cyanamid $5	31⅞	+⅞	$1.90	—	3.7
25⅞	18	Amer. Express $0.60	22⅝xd	+¼	$1.44	—	3.9
12⅞	994p	Amer. Medical Int. $1	10½	+⅛	72c	—	4.2
22⅝	14¼	American T. & T. $1	20	+⅛	$1.20	—	3.7
63	46½	Ameritech $2	57⅞	+1⅛	$4.72	—	5.0
22	15½	Amfac$	20½	+¼	—	—	—
25	17⅞	Anheuser-Busch $1	23xd	+⅛	$2.00	—	5.3
98p	45p	♦AndTech$	89p	−3	—	—	—

Continued on next page

Money Market Bank Accounts

ANZ Finance High Interest Cheque Acc

Adam & Co. plc
22 Charlotte Sq, Edinburgh EH2 4DF

Aitken Hume
30 City Road, EC1Y 2AY.

AAB—Allied Arab Bank Ltd
97-101 Cannon St, London, EC4N 5AD

Bank of Scotland
38 Threadneedle St, EC2P 2EH.

Barclays Prime Account
PO Box 125, Northampton

Beneficial Trust Ltd Premier Account
9 Henrietta Place, W1M 9AG.

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30⅞	22⅞	Sara Lee $1	27⅞xd	+1⅛	$1.00	—	2.2
11½	8⅞	Saul (B. F.) $1	11¼xd	+⅛	20c	—	1.1
26⅝	19⅞	Southwestern Bell $1	23⅞	+⅝	†$2.32	—	6.0
19	14½	Staley Continental	18½	+½	80c	—	2.7
44⅞	35⅝	Sun Co. Inc. $1	35¼	−⅞	$3.00	—	5.2
42⅝	28½	TRW Inc. $0.625	38	+½	h$1.60	—	—
34⅞	25⅞	Tenneco $5	33¾	+⅝	$3.04	—	5.5
202½	149½	Do. 10pcLn.Stk. 91-5	202½xd	....	10%	—	5.0
29⅝	17⅞	Texaco $6.25	24⅞xd	+⅞	$3.00	—	7.5
74⅞	47⅞	Time Inc. $1	65⅞xd	+⅞	$1.00	—	0.9
19½	11	Tracor $0.33	19½	+5⅛	40c	—	1.3
30⅝	18⅞	Transamerica $1	26¼	+⅞	$1.76	—	4.0
19½	922p	Transworld Corp $5	12½	....	20c	—	1.0
49½	29¾	TRINOVA Corp.	46⅛	+1½	h$1.00		1.3
24⅞	15⅞	♦USX $1	21⅞	+⅞	$1.20	—	3.4
19⅝	15⅞	Union Carbide $1	17¾	+⅞	$1.50	—	5.3
37⅞	26⅞	Utd. Technologies	33⅞xd	+½	$1.40	—	2.5
38⅝	27	US West$	33⅝	+⅝	$3.28	—	6.0
30½	17⅛	Waste Management $1	28⅛	+⅞	—	—	—
£31⅛	£20½	Whirlpool $1.0	£23½	+⅛	—	—	—
37⅛	26	♦Woolworth $3½	30⅛	+⅞	$1.32	—	2.7

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
491p	373p	ABM Gold Corp ‖	393p	+4	—	—	—
21½p	10p	♦Abbot Energy Corp.	20½p	....	—	—	—
15⅛	50½p	♦Amer. Barrick Res.	14½xd	....	—	—	—
122p	52p	♦Armeno	78p	+3	—	—	—
19⅝	14⅝	Bk. Montreal ‖	14⅞	+⅛	$2.00	—	6.2
10½	745p	Bk. Nova Scotia ‖	785p	+12	72c	—	4.2
20⅝	18	BCE ‖	18½	+⅛	$2.40	—	6.0
10⅛	712p	♦Bow Valley ‖	843p	+7	40c	—	—
20	12⅝	♦Brascan ‖	17⅞	....	88c	—	2.3
689p	277p	♦Breakwater Res.	404p	+4	—	—	—
11⅛	894p	Can. Imp. Bk. $2	10⅛xd	....	$1.08	—	4.9
14	865p	Can. Pacific ‖	12½	+⅛	48c	—	1.8
42½	37½	Do. 4pc Deb £100	41½	....	4%	—	9.6
827p	472p	Central Capital 'A' ‖	676p	+12	—	—	—
780p	551p	Derlan Inds.	578p	+5	11.75c	—	0.9
17½	756p	♦Echo Bay Mines	16⅝	+⅞	20c	—	0.6
230p	66p	Euro-Asia Capital Ltd.	201p	+2	—	—	—
752p	283p	♦Galactic Resources	740p	+1	—	—	—
69p	32p	Global Data Systems	41½p	....	—	—	—
673p	399p	Granges Explnl ‖	647p	+4	—	—	—
19p	10p	♦Gt Pacific Res.	11½p	....	—	—	—
14½	781p	♦Gulf Canada ‖	13⅞	+⅛	52c	—	1.7
14⅛	10	♦Hawker Sid Can ‖	13⅛	....	96c	—	3.3
740p	460p	Henlys Group	508p	−19	—	—	—
14⅛	10⅛	Hudson's Bay ‖	11⅛	+⅛	60c	—	2.5
39⅛	24⅛	♦Imperial Oil ‖	33⅝	+⅞	c$1.60	—	2.2
13⅞	782p	Inco ‖	13⅛	+⅛	US$0.20	—	0.9
25⅛	14⅛	♦Intl. Corona Res.	19⅛	+⅛	—	—	—
785p	575p	♦Inland Nat. Gas $1	624p	+4	60c	—	4.4
10⅛	385p	♦Lacana Mining Corp ‖	10⅛	+⅛	015c	—	0.7
363p	158p	♦Muscocho Expln.	266p	+15	—	—	—
10½	748p	♦Ntnl Business Sys. ‖	998p	+14	—	—	—
623p	338p	♦Nevada Goldfields	433p	+3	—	—	—
12	927p	♦Rio Algom	10⅛	....	$1.30	—	5.8
19⅛	14⅛	Royal Bk. Can. ‖	14½	−⅛	$2.00	—	6.3
385p	135p	♦Royex Gold Mining ‖	254p	+3	—	—	—
52⅛	40⅛	Seagram ‖	45½	+⅛	US$1.00	—	1.4
731p	235p	♦Sonora Gold Corp ‖	578p	−6	—	—	—
15⅛	11½	Toronto-Dom. Bk ‖	15⅛	+⅛	84c	—	2.5
220p	19p	♦Trans Atlantic Res ‖	69½p	+½	—	—	—
[illegible]	[illegible]	Trans Can. Pipe.	[illegible]				

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

200	150	Crown Eyeglass 5p	175	......	—	—	—	—	
*62	18	Eglinton Oil Ir.5p	25	+1	—	—	—	—	
41	16	Do. Warrants	17	......	—	—	—	—	
186	101	Far East Res. 10p	141	+15	—	—	—	—	
88	55	Gardner (J.) 5p	85	+2	R1.25	2.3	2.0	29.4	
39	29	Honorbilt Group 5p	39	+2	—	—	—	32.8	
126	115	Leading Leisure 5p	120	+4	0.9	3.1	1.0	34.7	
87	68	Lynx Tech. 5p	73	......	b—	—	—	8.4	
82	17	Publishing Hldgs.5p	64	+4	—	—	—	37.1	
87	45½	Theme Holdings	71	−1	1.0	1.9	1.9	38.1	
159	140	UPL Group 10p	158	......	L2.41	2.8	2.1	—	
140	111	Unit Group	140	......	R4.6	2.5	4.5	10.0	

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- • "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xE ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	......	Fin. 13% 97/02	£103⅝	......
Craig & Rose £1	700	−13	Arnotts	375	−25
Finlay Pkg. 5p	111	+1	CPI Hldgs	85xd	−4
Holt (Jos) 25p	£10¼	+¼	Carrol Inds.	190	......
IoM Stm. £1	173	......	Dublin Gas	48d	......
			Hall (R. & H.)	134xd	−1
IRISH			Heiton Hldgs.	60	+4
Fund 11¼% 1988	£100¼	......	Irish Ropes	205	......
Nat. 9¾% 84/89	£97½	......	Unidare	420	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	13
Amstrad	19	Nat West Bk	65
BAT	62	P & O Dfd	65
BOC Grp.	50	Plessey	20
BSR	17	Polly Peck	34
BTR	36	Racal Elect	32
Babcock	32	RHM	35
Barclays	52	Rank Org Ord	70
Beecham	52	Reed Intnl	50
Blue Circle	50	STC	30
Boots	30	Sears	16
Bowaters	50	TI	37
Brit Aerospace	50	TSB	12
Brit. Telecom	28	Tesco	18
Burton Ord	32	Thorn EMI	65
Cadburys	25	Trust Houses	25
Charter Cons.	45	Turner Newall	26
Comm Union	34	Unilever	62
Courtaulds	45	Vickers	20
FNFC	32	Wellcome	42
Gen Accident	95	**Property**	
GEC	22	Brit Land	30
Glaxo	200	Land Securities	50
Grand Met	50	MEPC	48
GUS 'A'	125	Peachey	40
Guardian	95	**Oils**	
GKN	38	Brit Petroleum	32
Hanson Tst.	17	Britoil	30
Hawker Sidd	58	Burmah Oil	52
ICI	125	Charterhall	10
Jaguar	52	Premier	11
Ladbroke	45	Shell	125
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	26
Lloyds Bank	35	**Mines**	
Lucas Inds	75	Cons Gold	125
Marks & Spencer	22	Lonrho	28
Midland Bk	45	Rio T Zinc	100
Morgan Grenfell	55		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Leading stocks follow Wall Street higher but volume of business fails to increase

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Aug 24	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19

* New time dealings may take place from 9.00 am two business days earlier.

The first of this week's batch of important economic numbers provided few shocks for investors, and UK security markets yesterday took advantage of Wall Street's good performance last Friday. A record monthly trade deficit of $16.47m surprisingly failed to daunt US spirits, sending waves of short-covering and bargain hunting throughout financial markets there.

London was far from convinced late on Friday of the initial response continuing, but leading shares had rallied from a mid-afternoon setback on renewed speculative interest. This was connected with the new trading Account, the technicalities of which allow business without the usual "new-time" penalty after 3.30 pm, the official close of the previous Account.

A steadier Tokyo bourse behind the Japanese Finance Minister's forecast of rapid economic growth, which could exceed the Government's 3.5 per cent target for the fiscal year, allayed recent concern over that market's near-term trend.

Encouraged by these events, more genuine buyers began operating here and blue chip issues benefited. Currency influences—sterling reacted as the dollar improved—prompted revived overseas inquiries for selected stocks, and one or two smaller UK institutions were said to be adding to their investment portfolios.

The morning announcements of the August producer prices and UK retail sales caused little discomfort, being close to economists' estimates, but from midday the volume of business started to fade. A more erratic trend early yesterday in New York generated caution and the FT-SE 100 share index, after standing 17.4 up at 11.46 am, closed 10.6 higher on the day at 2,271.8.

Several major securities houses are awaiting more bullish signals on market prospects, and Kleinwort Grieveson suggests that the "footsie" index could get stuck within a trading range of 2,240 and 2,300. A breakthrough of the latter level could prove decisive, however. Salomon Bros, the US investment house, turned positive on the health and household sector which subsequently outperformed other market areas.

Government bonds were basically content to await details of the experimental auction of long-dated stock. These could come late this afternoon and, if so, when-issued dealings will begin immediately. A reluctance to open even modest trading position was discernible with retail investors said to be sitting on the fence, despite a strong recovery in the US bond market.

Cable & Wireless reacted 16½ to 438½p after the discloseure that interests controlled by Hong Kong's Mr Li Ka-Shing had built up a stake of 4.9 per cent, or 51m shares in the company.

Mr Li Ka-Shing's advisors said the shareholding was acquired as a core investment and that they realised there were retrictions preventing any shareholder owning more than 15 per cent of the company.

Early interest in Stores centred on Mr Philip Birch's Ward White; interim figures of just over £20m pre-tax surpassed most market estimates, but the shares, finally 13 cheaper at 407p encountered profit-taking as analysts saw little reason to upgrade their full-year forecasts which are currently set around the £70m mark. However, dealers expect further interest in Ward White to be generated next week as the group takes a number of analysts to Chicago to visit the Whitlock autoparts chain.

Reports in the weekend Press that Midland Bank, where Hanson Trust recently announced a 5.8 per cent stake in the bank, had attracted an approach from Saatchi & Saatchi, the advertising agency, gave a major boost to Midland shares which raced up 15 to 509p. Other leading banks showed Barclays 16 higher at 580p. Standard Chartered, where the Bank of England is said to have blocked Robert Holmes a Court from upping his 15 per cent sake in the bank, rose 6 to 814p.

Merchant banks provided firm features in Hill Samuel, which jumped 10 to 646p amid talk that another takeover bid is in the offing. Guinness Peat jumped 4 to 115p following reports in the weekend Press that publisher Robert Maxwell had approached New Zealand's Equiticorp, with a view to buying their 35.6 per cent stake, and had built up a stake of around 2 per cent in the merchant bank. Kleinwort Benson rallied strongly as takeover speculation outweighed worries about the interim figures expected on September 21, with the shares finally 8 higher at 335p. Late buying interest lifted SG Warburg 12 to 482p.

Insurances were highlighted by Commercial Union which spurted 8 to 374p on talk of a buy recommendation from broker James Capel; turnover in the stock topped 3m shares. Elsewhere, Royal Insurance, still boosted by talk of a stake building exercise, moved up 15 to 554p. General Accident put on ⅛ to £10⅛. Lifes showed Equity and Law 8 higher at 425p awaiting developments after the counter bid from Compagnie du Midi. Abbey, where Morgan Grenfell have issued a major buy recommendation on the company, added 7½ to 308½p. Legal and General, ahead of tomorrow's interim figures, gained 11 to 330p. Bid speculation also gave a boost to Pearl, which jumped 12 to 428p. Brokers were highlighted by Minet which added 10 to 428p on vague bid talk and ahead of half-year figures expected on September 22.

Breweries generally made a firm showing, with Guinness again to the fore, rising 7 to 375p reflecting strong support ahead of Thursday's mid-term statement. Whitbread A, on the other hand, eased 11 to 324p as analysts tended to express caution over the likely share price performance in the short-term following the £170m-plus purchase of James Burroughs, famous for its Beefeater gin brand.

Construction issues provided the main movements in the Building sector. Costain, a recent takeover favourite, gained 17½ to 360p on market rumours that a significant holding in the group was about to be declared; subsequently Trafalgar House announced a 4.94 per cent stake. John Mowlem, which is considering the sale of its 78 per cent interest in Buehler International Inc, rose 7 to 509p. George Wimpey was supported at 263p, up 4½, while AMEC gained 9 to 392p following a squeeze on bear positions. Tarmac edged up 7 to 301p and Taylor Woodrow hardened a few pence to 450p. Plasterboard competition worries continued to overshadow BPB Industries which settled 3 cheaper at 345p.

A selectively firm Chemical sector showed ICI ⅛ higher at £15⅝. Coates Brothers A, an old takeover favourite, moved up 4 to 334p, while Creda International Deferred gained 3 to 262p awaiting today's interim results. Brent Chemicals International revealed half-year profits around the top of market estimates, but the price, following an uninspiring analysts' meeting, eased back to close 13 lower at 202p.

Retailers were quitely irregular, the 0.5 per cent increase in provisional retail sales in August falling in line with most City estimates, and to a slight extent compounding the rather gloomy note of the last SBI/FT distributive trades survey. Dixons hardened a few pence to 364p; brokers Scrimgeour Vickers recently reckoned that a re-rating of the group is on the cards. In contrast, easier values prevailed for Next, 7 off at 338p awaiting today's interim, and for Woolworth, finally 10 down at 345p; the latter's mid-term figures are expected tomorrow with most estimates—excluding property profits— pitched close to the £30—£32m level. Storehouse, firm initially as hopes of a bid from Mountleight gathered pace, finally settled a net 3 off at 372p. Among second-line issues, Fine Art Developments improved 6 to 308p following the purchase of Guest's garden products division in a £2.6m deal. USM-quoted Miller and Santhouse rose 62 to 630p awaiting today's preliminary figures.

International Signal & Control attracted widespread buying interest and moved up 8 to 228p as a group of analysts left on a visit to the group's US interests.

—Rolls-Royce were quoted at 201p, fully-paid; the final call on the shares has to be paid by 3 pm on Wednesday September 23. Hawker Siddley put on 7 to 579p and TI moved up a similar amount to 442p.

Simon Engineering initially fell to 328p on news of the 7 per cent decline in interim profis and the cautious outlook for the second-half but later picked up to close unaltered on balance at 337p.

Expansion hopes lifted Aurora 6 to 101p. Woodhouse Rixson moved up a like amount to 125p and Delta Group jumped 7 to 292p.

The Food sector displayed several noteworthy movements. Tate and Lyle were the sector's firm feature, rising 23 to 889p mainly reflecting demand from a single source. Unigate, an old takeover favourite, put on 6 to 368p as the companm announced that it had signed contracts for the disposal of its five engineering businesses. United Biscuits attracted sporadic support ahead of tomorrow's half-timer and firmed 2 to 320p, but recently-firm Dalgety, after revealing impressive preliminary figures, slipped back to close 13 off at 375p. Press comment gave a boost to Meat Trade Suppliers which moved up 50 to 485p in a restricted market. Cullens gained 9 to 137p, also reflecting newspaper mention.

Turnover among leading Hotels was at a low level. Grand Metropolitan edged up 4 to 541p and Ladbroke gained a similar amount to 454p. Stakis shaded to 124½ as the company announced the agreed acquisition of London broker Robert Wigram for £4.7m.

International stocks finished the session on a quietly firm note although market makers put price rises down to sentiment rather than sustained support. Glaxo were ⅛ higher at £17⅛, while Beecham firmed 7 to 554p and BTR picked up 5 at 351p. Wellcome, in which trading is expected to start in traded options late this month, gained 5 more to 491p, while Boots, reflecting favourable comment, improved 4 to 308p. Hanson Trust were a shade dearer at 186p and English China Clays 14 up at 502p, the latter reflecting talk of a major company presentation to overseas investors and rumours of a re-rating.

Lidgecare gained 15 to 245p in reply increased half-year proftis and a confident statement, but Hyson eased 7 to 253p following the interim figures. Elswich put on 6 to 44¼p following figures, but Charles Baynes improved 3 to 110p despite poor half-year results.

Travel concern Owners Abroad gained 7 to 132p on stake speculation, while Spectrum, which announced on Friday that it is in talks which may lead to a modest acquisitions, put on 20 more to 102p. Newsletter comment boosted Entertainment Products 12 to 48p.

Advertising and related counters attracted occasional interest. Lowe Howard-Spink dipped a few pence to 526p following confirmation of the purchase of Laurence Charles Free and Lawson for an initial consideration of £15m in a move which will provide a New York exposure for LH-S's Allen Brady and Marsh operation. Addison Consultancy hardened 5 to 190p as a favourable Press mention directed support to the shares ahead of tomorrow's half-timer. Press comment also prompted strength in USM-quoted Mess Advertising, finally 11 up at 101p. Design group Fitch put on a couple of pence to 440p following a "buy" recommendation from Scrimgeour Vickers.

The Property leaders gave a steady performance and closed a shade better where changed. Land Securities, 588p, and MEPC, 568p, both improved marginally, while Peachey firmed 6 to 440p. Press comment prompted support for British Land, finally 9½ higher at 327½p, but suggestions that a bid for the company is unlikely depressed recent favourite Hammerson A which eased 7 to 681p. Secondary issues were highlighted by Merivale Moore, up 30 to 435p in a restricted market reflecting near-doubled annual profits and a confident statement. Helical Bar, helped by option activity, moved up 10 to 282p, while Dares Estates gained 7 to 67p following a newsletter recommendation. Press comment boosted Markheath 7 to 138p and Local London 30 to 800p. Asda Property advanced 20 to 715p in a limited market.

Textiles met support, albeit on a selective basis. Hugh Mackay advanced 18 to 288p ahead of tomorrow's interims and interest spread to encompass Tomkinsons, 20 dearer at 505p, and Textured Jersey, finally 11 to the good at 229p. British Mohair imroved a few pence to 336 as BZW upgraded its profits ferecast for the current year to £4.6m.

Bats rose 7½ to 669p as BZW reiterated its strong "buy" advice in the wake of further legal developments in California regarding product liability.

A marginal improvement in crude oil prices failed to trigger any major interest for oil and gas shares which traded quietly throughout the session.

Turnover in British Gas was a meagre 3m shares and the price edged up 1½ to 171p awaiting developments in the Middle East. BP eased a fraction to 361p—turnover here was slightly more than 2m shares. Ultramar attracted minor selling pressure and closed 5 off at 276p while Enterprise, 313p and LASMO, 373p, were barely changed on the day.

A newsletter recommendation lifted Jackson Exploration 3 to 34p while Exploration Company of Louisiana raced up 28p to 99p following the deal with Fina Oil.

Despite a relatively uninspired session among the underlying securities, operators still found enough situations to excite interest and total contracts transacted amounted to a respectable 44,153. As on Friday, British Gas calls were in demand and attracted 4,113 trades, 2,020 of which were struck in the January 165 series; the class also recorded 892 puts. Rolls Royce remained lively with 2,061 calls and 675 puts traded while others to attract above-average enthusiasm included Commercial Union, Cable and Wireless, Guinness and TSB.

Traditional Options

- First dealings Sept 1
- Last dealings Sept 18
- Last declaration Dec 3
- For Settlement Dec 14

For rate indications see end of London Share Service

Stocks to attract money for the call included Rothmans, Wm. Morris Fine Arts, Barratt Developments, FKI, BOM, Abaco, Mersey Docks, Britannia Security, Newage Transmissions, Blacks Leisure, T & N, Greenwich Resources, Stormgard, Moorgate Mercantile, Alpine Soft Drinks, Spong, Hawtin, North Kalgurli, Astra Holdings, Charterhall, RTZ and Singer and Friedlander. Puts were done in LWT, Concorde and F. Copson. Double options were transacted in Rothmans, Parkdale and Greenwich Resources.

FINANCIAL TIMES STOCK INDICES

	Sep. 14	Sep. 11	Sep. 10	Sep. 9	Sep. 8	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.47	85.43	85.33	85.19	85.86	86.74	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.89	90.92	90.81	91.52	91.60	93.05	99.12 (15/6)	90.25 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1775.4	1763.8	1761.3	1756.1	1775.2	1289.6	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	449.5	453.0	448.9	448.6	454.2	312.2	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.30	3.33	3.33	3.33	3.33	4.31				
Earnings Yld.%(full)	8.07	8.14	8.15	8.15	8.22	9.84				
P/E Ratio (net) (*)	15.16	15.04	15.02	15.02	14.94	12.34				
SEAQ Bargains (5 pm)	39,878	47,765	34,282	31,312	33,427	—				
Equity Turnover (£m)	—	1247.38	1344.71	1037.36	1071.73	600.60				
Equity Bargains	—	49,337	38,933	35,145	35,333	22,861				
Shares Traded (ml)	—	626.7	433.8	444.3	339.4	253.3				

S.E. ACTIVITY

Indices	Sep. 11	Sep. 10
Gilt Edged Bargains	105.1	95.3
Equity Bargains	319.7	252.3
Equity Value	2521.3	2718.0
5-Day Average		
Gilt Edged Bargains	102.9	104.0
Equity Bargains	252.1	234.5
Equity Value	2225.7	2148.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1768.2	1768.9	1775.1	1778.1	1776.8	1776.2	1778.0	1774.0

Day's High 1779.9 Day's Low 1767.6. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, * Nil—14.92.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (90)

AMERICANS (4), BUILDINGS (2), CHEMICALS (3), STORES (2), ELECTRICALS (3), ENGINEERING (4), FOODS (2), HOTELS (2), INDUSTRIALS (24), INSURANCE (2), LEISURE (5), MOTORS (3), PAPERS (5), PROPERTY (2), TEXTILES (5), TRUSTS (11), OILS (1), OVERSEAS TRADERS (2), PLANTATIONS (1), MINES (7).

NEW LOWS (5)

STORES (2), Hogg Robinson, Sock Shop, PAPER (1), Geers Gross, MINES (2), Anglo-Dominion, Musto Explo.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,400	196	+2	Ladbroke	909	454	+2
Allied Lyons	577	416	—	Land Securities	3,200	588	+4
Amstrad	521	172	+2	Legal & Gen.	1,200	330	+11
Argyll Group	245	416	+2	Lloyds Bank	850	342	−1
Assoc. Brit. Foods	25	362	+1	Lonrho	821	307	−1
BAT	3,000	669xd	+7½	Lucas	612	735	+2
BET	3,000	274	+6	MEPC	266	568	+5
BICC	100	414	−1	Marks & Spencer	1,000	226½	−½
BOC	349	542	+3	Midland Bank	4,600	509	+15
BPB Inds	791	345	−3	Natwest Bank	654	710	−3
BPCC	699	366	+1	Next	770	338	−7
BTR	2,500	351xd	+5	Pearson	834	782	+1
Barclays	716	560	+6	P & O	411	685	+2
Bass	132	969	−4	Pilkington Bros	2,000	289	−3
Beecham	2,600	554	+7	Plessey	2,000	194	−1½
Blue Circle	910	450xd	+3	Prudential	649	£10	—
Boots	2,100	308	+4	Racal	2,800	298	+2
Brit. Airways	1,900	195	+1	Rank Org.	401	671xd	+5½
Brit. Aero	941	493xd	+4	RHM	271	328	+3
Brit. & Comm.	104	486	+2	Reckitt & Col	80	£11⅛	—
British Gas	3,000	171	+1½	Redland	895	489	+1
Britoil	1,300	314	−4	Reed Intl.	718	539	—
BP	2,200	361	−½	Reuters	816	884	+13
Brit. Telecom	8,700	262½	+1½	RMC	245	471	−1
Bunzl	275	228xd	+2	RTZ	1,300	£13⅛	+⅛
Burton	2,100	289	−4	Rolls-Royce	9,000	201	+1
Cable & Wire	12,000	438½	−16½	Rowntree	550	538	−6
Cadbury Schwps	1,500	271xd	+1	Ryl Bank Scotland	510	395	+5
Coats Viyella	350	368	−3	Royal Insurance	1,900	554	+15
Comm. Union	3,200	374	+8	STC	2,100	309	+2
Cons. Gold	1,400	£15⅛	+⅛	Saatchi & Saatchi	722	657	+3
Cookson	583	809	+5	Sainsbury	1,900	274	+4
Courtaulds	305	487	−1	Scott & Newcastle	142	247	+1
Dee Corpn	1,500	213	−2	Sears	1,000	167½	+½
Dixons Group	308	364	+3	Sedgwick	1,200	290xd	+3
English China Clays	1,700	502	+14	Shell Trans	560	£12⅛xd	−⅛
Fisons	904	354	−2	Smith & Nephew	3,200	178	+8
Gen. Accident	166	£10⅛	+⅛	Standard Chart	757	814	+6
Gen. Elect	3,900	212	+1	Storehouse	4,600	372	−3
Glaxo	1,700	£17⅛	+⅛	Sun Alliance	121	£10⅞	+⅛
Globe Investment	250	179	+1	TSB	5,700	147½	+2½
Granada	642	399	+3	Tarmac	2,300	301	+7
Grand Met	787	541	+4	Tesco	362	185	+1
GUS "A"	199	£13⅛	+⅛	Thorn EMI	931	660	+7
Guardian R.E.	150	£10⅛	+⅛	Trafalgar House	1,700	374	+5
GKN	647	381	+2	T'house Forte	1,100	252	—
Guinness	3,800	375	+7	Ultramar	1,000	276	−5
Hammerson	178	681	−7	Unigate	2,900	368	+6
Hanson Trust	4,500	186	+2½	Unilever	1,200	649	+16
Hawker Sidd.	599	579	+7	United Biscuits	664	320	+2
Hillsdown Hldgs	181	315	—	Wellcome	1,800	491	+5
ICI	852	£15⅝	+⅛	Whitbread "A"	1,000	324	−11
Jaguar	1,300	557	+11	Woolworth	1,700	345	−10

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	40	51	21
Corporations, Dominion and Foreign Bonds	16	0	38
Industrials	676	318	593
Financial and Properties	257	75	283
Oils	35	30	49
Plantations	4	1	9
Mines	60	47	83
Others	153	27	45
Totals	1,241	549	1,121

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Sep 14 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri Sep 11 Index No.	Thu Sep 10 Index No.	Wed Sep 9 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (211)	958.79	+0.5	7.26	2.91	17.29	16.46	954.84	953.77	954.96	689.85
2	Building Materials (30)	1181.12	+0.1	7.72	2.98	16.11	19.29	1179.98	1186.77	1209.09	812.36
3	Contracting, Construction (33)	1760.78	+0.8	6.85	2.81	19.58	23.82	1746.79	1731.78	1734.26	1224.37
4	Electricals (12)	2461.08	+0.3	5.21	2.74	24.55	45.17	2454.79	2460.82	2457.43	1841.10
5	Electronics (35)	2025.81	+0.6	7.94	2.46	16.41	33.84	2014.72	1998.95	1993.86	1469.90
6	Mechanical Engineering (59)	516.19	+0.7	7.69	3.28	16.36	9.96	512.37	515.58	516.18	379.79
8	Metals and Metal Forming (7)	570.60	+0.2	7.04	2.86	17.25	8.88	568.93	568.97	567.40	349.63
9	Motors (14)	387.98	+0.9	7.53	2.86	15.55	5.47	384.63	382.16	381.54	277.58
10	Other Industrial Materials (21)	1672.99	+0.4	6.06	3.13	19.65	34.34	1666.13	1669.46	1652.38	1282.95
21	CONSUMER GROUP (183)	1314.04	+0.5	6.13	2.61	20.83	16.92	1307.89	1300.16	1298.45	939.74
22	Brewers and Distillers (22)	1178.98	+0.2	7.95	3.03	15.93	15.80	1176.05	1174.05	1178.82	934.61
25	Food Manufacturing (24)	1010.44	+0.7	7.25	3.05	17.80	16.23	1002.97	1000.87	997.08	781.74
26	Food Retailing (16)	2413.49	+0.6	5.97	2.41	22.29	36.70	2399.79	2404.03	2402.62	1976.34
27	Health and Household Products (10)	2545.19	+1.5	4.81	1.57	29.10	16.41	2507.66	2468.97	2435.83	1521.77
29	Leisure (31)	1392.85	+0.5	5.89	3.17	21.19	24.82	1385.33	1381.53	1379.30	908.88
31	Packaging & Paper (15)	669.71	+0.2	6.27	2.70	21.02	10.02	668.55	668.81	673.12	470.83
32	Publishing & Printing (13)	4643.73	+0.2	4.48	3.06	28.61	59.63	4632.85	4576.73	4627.57	2639.78
34	Stores (36)	1065.15	−0.3	6.64	2.73	20.45	13.78	1068.32	1060.17	1065.50	898.71
35	Textiles (16)	835.15	−0.4	7.41	2.69	15.67	12.07	838.40	839.53	831.99	543.51
40	OTHER GROUPS (89)	1129.43	+0.3	7.69	3.13	16.20	19.86	1125.56	1125.99	1122.68	770.40
41	Agencies (18)	1710.08	+1.0	3.53	1.31	37.33	15.18	1693.32	1698.43	1689.19	[illegible]
42	Chemicals (21)	1462.11	+0.6	6.70	3.12	18.25	31.59	1453.26	1460.21	1459.94	954.98
43	Conglomerates (12)	1442.17	+1.1	7.19	3.26	15.90	21.92	1426.41	1424.49	1420.44	[illegible]
45	Shipping and Transport (12)	2244.10	+0.3	7.54	3.66	17.44	41.05	2238.05	2245.79	2257.95	1513.28
47	Telephone Networks (2)	1058.30	−0.4	9.58	3.82	13.92	18.98	1062.37	1067.64	1063.92	773.16
48	Miscellaneous (24)	1685.63	—	8.99	2.78	13.27	32.20	1685.21	1664.77	1658.94	1072.84
49	INDUSTRIAL GROUP (483)	1186.47	+0.4	6.85	2.83	18.41	18.10	1181.24	1178.02	1176.72	840.31
51	Oil & Gas (17)	2197.31	−0.6	7.55	4.40	16.37	64.58	2209.64	2203.11	2187.94	1336.52
59	500 SHARE INDEX (500)	1272.32	+0.3	6.95	3.06	18.08	22.11	1268.57	1265.87	1262.59	882.80
61	FINANCIAL GROUP (118)	832.72	+0.9	—	3.68	—	17.49	825.19	821.97	823.74	607.69
62	Banks (8)	826.22	+0.7	16.16	4.71	8.18	25.65	820.12	821.25	823.26	672.58
65	Insurance (Life) (9)	1131.06	+1.3	—	3.86	—	22.60	1116.51	1101.72	1104.55	872.10
66	Insurance (Composite) (7)	636.66	+1.6	—	4.33	—	13.50	626.43	630.97	628.42	482.09
67	Insurance (Brokers) (8)	1220.81	+0.4	9.12	4.64	14.03	32.85	1215.59	1210.11	1202.08	1174.81
68	Merchant Banks (11)	490.81	+1.5	—	2.79	—	7.77	483.71	482.50	484.35	341.19
69	Property (47)	1299.52	+0.5	3.74	2.29	34.64	14.24	1292.68	1272.27	1282.99	757.98
70	Other Financial (28)	563.18	+0.5	5.93	2.72	21.38	8.27	560.24	560.82	560.32	345.17
71	Investment Trusts (91)	1142.90	+0.4	—	2.12	—	14.12	1137.95	1135.62	1132.49	784.87
81	Mining Finance (2)	708.37	+2.4	4.82	2.37	23.83	6.79	683.78	675.07	676.24	288.52
91	Overseas Traders (10)	1223.77	+0.2	7.40	3.85	16.03	29.58	1221.92	1214.34	1213.46	674.35
99	ALL-SHARE INDEX (721)	1160.61	+0.4	—	3.11	—	20.50	1155.64	1152.05	1150.58	804.09

		Index No.	Day's Change	Day's High	Day's Low	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Year ago
	FT-SE 100 SHARE INDEX ‡	2271.8	+10.6	2278.6	2264.1	2261.2	2253.2	2249.1	2275.8	2283.6	1628.3

FIXED INTEREST

	PRICE INDICES	Mon Sept 14	Day's change %	Fri Sept 11	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.73	+0.08	120.64	—	7.72
2	5-15 years	134.02		134.02	—	9.88
3	Over 15 years	141.02	−0.12	141.19	—	9.95
4	Irredeemables	155.33	+0.03	155.28	—	8.81
5	All stocks	131.75		131.75	—	9.23
	Index-Linked					
6	5 years	119.91	+0.11	119.78	—	2.18
7	Over 5 years	112.08	−0.04	112.13	—	2.60
8	All stocks	112.56	−0.03	112.59	—	2.55
9	Debentures & Loans	114.14	+0.29	114.13	0.32	7.25
10	Preference	83.87	+0.03	84.39	0.54	4.35

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sep 14	Fri Sep 11	Year ago (approx.)
	British Government				
1	Low	5 years	9.66	9.67	8.72
2	Coupons	15 years	9.88	9.87	9.63
3		25 years	9.75	9.74	9.66
4	Medium	5 years	10.38	10.39	10.05
5	Coupons	15 years	10.16	10.15	9.97
6		25 years	9.93	9.92	9.79
7	High	5 years	10.48	10.49	10.16
8	Coupons	15 years	10.33	10.32	10.15
9		25 years	9.97	9.97	9.89
10	Irredeemables	†	9.99	9.99	9.53
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.39	3.42	3.81
12	Inflation rate 5%	Over 5 yrs.	4.05	4.04	3.48
13	Inflation rate 10%	5 yrs.	3.35	3.37	2.39
14	Inflation rate 10%	Over 5 yrs.	4.04	4.04	3.31
15	Debs &	5 years	11.42	11.39	10.49
16	Loans	15 years	11.41	11.39	10.80
17		25 years	11.41	11.39	10.83
18	Preference	†	10.87	10.84	10.87

‡Opening index 2264.8; 10 am 2265.2; 11 am 2274.9; Noon 2277.7; 1 pm 2275.8; 2 pm 2274.2; 3 pm 2275.1; 3.30 pm 2273.4; 4 pm 2271.7

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
$110	F.P.	18/9	121	98	Adscene	103	+5	12.5	1.9	3.3	21.8
240	F.P.	—	251	221	Alexander (W)	250	.....	4.25	2.9	4.9	14.9
¶¶	F.P.	—	84	65	BHP Gold Mines A$0.25	77	.....	—	—	—	—
80	F.P.	—	108	85	*ChemEx. Intl.	98	−2	—	—	—	—
$50	F.P.	9/9	93	68	‡Corp. Estates Props. 5p	83	.....	L0.75	2.4	1.2	45.3
10	F.P.	—	12¼	2	EFM Dragon Trust 5p	12¼	+¼	—	—	—	—
100	F.P.	25/9	114	103	F'st SpanishInv.Tst.Units	110	.....	—	—	—	—
§§	F.P.	—	118	92	‡Goldehouse Grp. 1p	108	+5	—	—	—	40.4
§§	F.P.	—	100	70	Do. Warrants	75	+5	—	—	—	—
121	F.P.	—	154	78	Ketson	147	−1	—	—	—	—
$100	F.P.	—	145	108	Kingston Oil & Gas 50p	121	+1	—	—	—	—
100†	F.P.	—	155	115	*Medirace 10p	150	−5	—	—	—	—
—	F.P.	—	98	55	Moorgate Inv. Warr.	90	.....	—	—	—	—
$110	F.P.	4/8	281	185	‡Parkway 5p.	255	.....	R1.5	4.2	0.8	40.2
$10.58	F.P.	—	$17½	$15	Portugal Fund $0.01	$16¼	−⅛	—	—	—	—
¶¶	F.P.	—	115	105	*Seacon Holdings	110	.....	—	—	—	16.7
—	F.P.	—	118	101	Singer & Fr'dlander 10p	107	+2	—	—	—	—
§§	F.P.	—	166	143	Zetters Leisure 10p	161	.....	11.5	3.7	1.3	29.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100	F.P.	—	99½	97	Chesterfield Props 5¼pc Cr. Cm. Prf.	99	.....
¶¶	F.P.	—	145p	130p	Merlin Intl. Cum. Red. Cnv. Prf.	133p	.....
—	F.P.	—	100	99	N'wide Anglia 10% Bds 1/8/88	99¼	.....
—	F.P.	—	100¼	99⅞	Do. 10⅛% Bds. 22/8/88	99⅞	.....
—	F.P.	—	100	99⅞	Do. 10⅞ pc. 12.9.88	99⅞	.....
—	£25	11/11	25½	12¼	North Housing Assoc. 8¾% Gtd.Ln.2037	14¾	.....
—	F.P.	—	270p	200p	Do. Zero Corp. Ln. 2027	225p	+5
§	Nil	25/9	3pm	1pm	Yelverton Inv. 8% Cnv. Uns. Ln. 1997	1pm	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
280	Nil	—	55pm	20pm	AAF	55pm	+2
8	Nil	—	14pm	10pm	BOM Holdings	12pm	.....
146	Nil	—	3pm	¼pm	Blue Arrow 5p	¼pm	−¼
470	Nil	—	34pm	32pm	Bowater	33pm	.....
475	Nil	—	54pm	50pm	Brit. Vita	51pm	.....
650	Nil	—	103pm	88pm	‡Brookmount	88pm	−5
810	Nil	9/10	42pm	7¼pm	Capital & Counties Unit	10¼pm	.....
37	Nil	19/10	24pm	18pm	Common Bros. 1p	18pm	.....
50	Nil	7/10	162pm	138pm	Conrad Hldgs	154pm	.....
257	Nil	—	42pm	35pm	‡Dewey Warren 10p	42pm	+3
32	Nil	23/10	98pm	77pm	Downiebrae 10p	78pm	+1
90	Nil	21/10	36pm	19pm	Excalibur Jewellery	19pm	−2
182	Nil	—	2pm	¼pm	FKI Electrical 10p	¼pm	.....
90	Nil	15/9	14pm	5pm	Goal Pet. 5p	12pm	.....
198	Nil	16/9	28pm	16pm	‡Goodhead Print 20p	16pm	.....
48	Nil	—	25pm	19pm	Helene of London 10p	23pm	.....
57	Nil	16/9	14pm	5pm	Kellock Trust 1p	14pm	+6
65	Nil	14/10	45pm	26pm	Paul (M) Leisure 5p	43pm	.....
83	Nil	—	24½pm	19½pm	Queens Moat	21¼pm	+1¼
184	Nil	16/10	25pm	16pm	Robertson Research 10pm	21pm	+6
—	Nil	—	8pm	¼pm	Singer & Friedlander 10p	1pm	+¼
35	Nil	6/10	7½pm	2½pm	Talbex 5p	6½pm	.....
66	Nil	30/10	51pm	38pm	Upton (E.)	46pm	.....

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market. †Issued in £2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p into 1 Ord.)

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (Continued)

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices September 14

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices September 14

Total Sales 8,657,038 shares

NEW YORK — DOW JONES

Indices

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

188.54	177.46	175.75	175.59	187.89 (25/8)	141.81 (21/1)		
						Rises	1,147 / 1,188 / 812
						Falls	434 / 481 / 758
						Unchanged	385 / 391 / 436

TORONTO	Sept 14	Sept 11	Sept 10	Sept 9	1987 High	1987 Low
Metals & Minls	3,259.2	3,292.8	3,282.8	3,129.7	3,483.6 (4/8/87)	1,988.2 (2/1/86)
Composite	3,649.2	3,894.8	3,884.8	3,688.8	4,112.9 (13/8)	3,067.8 (2/1/86)
MONTREAL Portfolio	1,955.82		1,951.88	1,924.47	2,224.77 (18/7/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

SOUTH AFRICA JSE Gold (28/9/78)	(u)	2352.0	2343.0	2336.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	2225.0	2222.0	2218.0	2226.0 (14/8)	1423.0 (2/1)
SPAIN Madrid SE (30/12/85)	316.42	310.34	306.47	306.92	316.42 (14/9)	202.89 (8/5)
SWEDEN Jacobson & P. (31/12/56)	3134.30	3131.1	3118.40	3087.80	3134.30 (14/9)	2111.39 (28/1)
SWITZERLAND Swiss Bank Ind. (31/12/58)	700.4	694.8	693.6	685.6	700.8 (4/9)	559.7 (25/2)
WORLD M.S.Capital Intl. (1/1/70)	(u)	482.2	478.2	479.3	495.90 (27/8)	361.3 (2/1)

**Saturday September 12: Japan Nikkei (c). TSE (c)

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing Price	Change on day
Allgty Pwr	4,897,000	37¼	—	Gen. Electric	2,068,400	61¼	+½
Hercules	3,799,500	68¼	+¼	ATT	1,990,400	33	+¼
Tracor	3,085,200	32	+9	Nat Semi	1,838,400	17⅝	+⅛
Gillette	2,371,300	44¼	+⅜	Eastman Kodak	1,742,700	101½	+1¼
IBM	2,270,400	161⅛	+3½	Foster Whe	1,712,300	24	−1

LONDON — Most Active Stocks
Thursday, September 10, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Cable & Wire	12.99m	438½	−16½	Storehouse	4.68m	372	−3
Rolls Royce	9.88m	281	+1	Hanson Trust	4.58m	185	+2½
Brit Telecom	8.78m	282½	+1½	Gen Elect	3.90m	212	+1
TSB	5.78m	147½	+2½	Comm Union	3.20m	374	+8
Midland Bank	4.68m	509	+15	Guinness	3.20m	375	+7

TOKYO — Most Active Stocks
Monday, September 14, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nippon Steel	185.78m	378	+18	Hitachi	24.87m	1,328	+40
Mitsubishi Hvy Inds	45.56m	637	+5	Nippon Kokan	24.18m	330	+1
Kobe Steel	38.16m	313	+3	Fujitsu	24.15m	1,418	+30
Kawasaki Steel	37.80m	319	+6	Mitsubishi Electric	22.91m	878	+38
Sumitomo Metal	27.51m	264	+4	Toray Industries	17.88m	894	+28

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

Abbey Life	308½	+7½
BAT Inds.	869	+7½
British Land	328	+10
Costain	360	+17½
Dares Estates	67	+7
Engl China Clays	502	+14
Ex Co Louisiana	99	+28
Guinness	375	+7
Hill Samuel	646	+10
Intl Signal	228	+8
Kleinwort Benson	535	+8
Legal & General	330	+11
Mackay (Hugh)	288	+18
Midland Bank	509	+15
Miller & Santh	650	+62
Moss Advertising	101	+11
Mowlem (John)	509	+7
Multitone Elec	107	+9
Royal Insurance	554	+15
Spectrum Group	102	+20
Tate & Lyle	869	+23
Wellcome	491	+5

FALLS:

Brent Chemicals	202	−13
Cable & Wireless	438½	−16½
Dalgety	375	−13
Ward White	407	−13

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 45

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37 7/8	20 5/8	AAR s	.50	1.4	23	22	35 1/4	35	35	-3/4
52	22	ADT	.92	1.8	29	948	51 1/2	51 3/8	51 3/8	
31 1/4	16 3/4	AFG s	.16	.6	10	225	28 1/2	27 7/8	28 1/2	+7/8
22 3/8	8 3/8	AGS s			19	341	21 1/4	20 1/2	20 3/4	-1/4
9 3/8	4 7/8	AM Intl				214	8	7 3/4	7 3/4	-3/8
65 1/2	50 1/2	AMR			12	2312	58	57 1/4	57 3/8	+1/8
25	22 1/4	ANR pf	2.12	9.4		6	23	22 1/2	22 1/2	
12 1/4	8 1/4	ARX s			12	748	11 5/8	11 1/4	11 5/8	+1/4
73 1/2	34 3/8	ASA	2a	3.1		309	63 3/4	63 1/8	63 5/8	+1/8
20 1/8	9 3/4	AVX	.32	1.6	39	769	20	19 5/8	19 1/2	-1/4
67	41 1/8	AbtLab	1	1.6	25	3364	63 1/2	62 7/8	63	+1/8
28	24 1/4	Abitibi g				41	24 7/8	24 3/4	24 3/4	-1/4
16 3/4	9 3/4	AcmeC	.40	3.2	13	58	12 3/4	12 5/8	12 5/8	-3/8
10 1/2	6 1/8	AcmeE	.32b	3.5	67	44	9 1/2	9	9 1/8	-1/4
23 7/8	19	AdaEx	3.42e	16.		37	21 3/4	21 5/8	21 5/8	
19 1/2	11	AdmM s	.24	2.2	8	72	11 1/8	d10 3/4	10 7/8	-1/8
28 3/4	12 1/8	AdvSys	.62	2.2	19	356	u28 7/8	28	28 3/8	-1/8
24 1/2	12 7/8	AMD				2499	21 7/8	21 1/4	21 1/2	-1/8
56 3/8	47	AMD pf	3	5.6		82	53 3/4	53 3/8	53 3/8	-1/4
11 7/8	5 1/4	Adobe				306	9 1/4	8 7/8	8 7/8	-3/8
20 1/2	14 3/4	Adob pf	1.84	9.6		40	19 1/4	19 1/4	19 1/4	
21 7/8	17	Adob pf	2.40	11.		88	21	21	21	-1/4
15	10 3/8	Advest	.12a	1.0	9	111	11 3/4	11 1/4	11 3/4	+1/8
68 1/4	53	AetnLf	2.76	4.6	9	2840	60 7/8	60	60 5/8	+1/4
83 1/2	26 7/8	AflPb s	.32	.5	22	192	70 5/8	70	70 1/4	
26 7/8	18 5/8	Ahmans	.88	4.1	8	2934	21 1/4	20 7/8	21 1/4	+3/8
5 3/8	2 7/8	Aileen				164	3 1/4	3	3 1/8	
[illegible]										

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 43

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Dow shrugs off higher dollar and rates news

WALL STREET

STRENGTH in the dollar and a steady to lower trend in market interest rates were taken as only modest encouragement to Wall Street stock prices yesterday, *writes Gordon Cramb in New York.*

In cautious volume of 154.9m shares, the Dow Jones industrial average closed 4.30 higher at 2,613.04. It was outperformed by the Dow transportation average which, perhaps reflecting changes in Washington, gained 6.19 to 1,038.72. With 819 issues advancing and 736 on the decline, the NYSE composite index showed the breadth of the advance, up 0.52 to 180.54.

Official moves to aid liquidity in the credit markets allowed long yields to stay below 9½ per cent, taking the recovery in US bond prices into its third day.

Among financial stocks Chemical Bank responded positively to its staff retrenchments, with the shares moving $1⅛ higher to $39⅜ despite the accompanying write-offs. Citicorp fell $1 to $58⅝, and Manufacturers Hanover eased $⅛ to $40 amid a dispute over First Boston's participation as underwriter in both their share issues. First Boston dipped $⅛ to $43⅜.

Texas American Bancshares slid $1 to $7⅞ as worries continued to affect the state's banking sector after last week's rescue of First City Bancorp. First RepublikBank of Texas, generally considered the strongest, added $⅛ to $21⅜.

Imperial Corporation of America, an interstate savings and loan association holding company, put on $⅜ to $14⅝ after saying it was negotiating the sale of its mortgage banking susbidiary.

Following a flurry of recent activity as the pharmaceutical sector brought promising new products to the fore, Eli Lilly improved by $⅛ its $10 upward leap on Friday – the excitement was over its Prozac antidepressant. Merck, which had led the sector over the past few weeks on news of an anticholesterol agent, steadied at $212.

Confirmation that RJR Nabisco was developing a "smokeless" cigarette allowed its stock an early $⅛ rise, but on reflection it ended $1 lower on $68⅝. Philip Morris lost the same amount to $116.

CBS, $9⅛ stronger on Friday after identifying Sony of Japan as a potential suitor for its record producing unit, gained a further $4⅛ to $213. The publisher McGraw Hill shed $3¼ to $79⅝ after a strong run-up *from late August* on expectations that it would receive takeover attentions.

Bell & Howell, an information retrieval and publishing concern, added $⅝ to $71½ on a report that it might accede to a suggested takeover by Macmillan – which itself was $2¼ better at $70⅝ on the idea.

Hercules, the chemicals and aerospace group which at the end of last week agreed the disposal of its remaining holding in Himont, fell $4⅛ to $64 despite the prospect of a share buyback programme which the board also put in place. The quoted minority in Himont, the polypropylene world leader, lost $2⅝ to $46½ on continued reaction to the assumption of control by Montedison of Italy.

Credit markets retained a firm tone, aided by vigorous Fed operations which included an offer to buy coupon issues of all maturities as well as $400m worth for a customer account. This was an unexpected move to add reserves ahead of tax incomings due today and a round of two, four and seven-year note sales scheduled for tomorrow.

The 8¾ per cent Treasury bond of 2017, *the long-dated benchmark,* moved just ⅛ higher to 93²⁷⁄₃₂ where it was yielding 9.49 per cent. In the bill market three-month yields were two basis points lower at 6.52 per cent, on the back of a federal funds rate of 7⅝ per cent which is now believed to be within the authorities' preferred range.

CANADA

DESPITE slight gains among golds, oils, gas and industrial issues, Toronto share prices slid lower in moderate trade.

Cominco was the exception to an otherwise soft mining sector, rising C$⅝ to C$22⅝. It said it had set up a new advanced optical materials group.

Texaco Canada added C$⅛ to C$33¼ in the energy sector while Imperial Oil class A stocks were C$⅛ higher at C$73⅜. Gulf Canada *Resources rose C$⅜ to C$24½.*

Northern Telecom rose C$¼ to C$29. It said it had received a US$9.3m contract to supply telecommunications equipment to Belize.

Canadian Pacific rose C$⅛ to C$27⅛. It raised its quarterly dividend to 15 cents from 12 cents.

Montreal rose marginally. Vancouver slipped.

SOUTH AFRICA

THE FALL in the bullion price undermined Johannesburg gold shares and took the market generally lower in quiet trading.

Losses in golds included Vaal Reefs, R16 lower at R450, Driefontein, off R1.50 at R90.50, and Buffelsfontein, down R2 at R75.

These falls were mirrored elsewhere in the mining sector as Rustenburg Platinum lost 75 cents to R57.25. De Beers finished 35 cents cheaper at R52.

Industrials were also weaker, with South African Breweries off 25 cents at R24.

EUROPE

Firm bond market gives Frankfurt a fillip

MOST European bourses received a further modest fillip from the continued revival of the dollar and Friday's sharp improvement on Wall Street.

Frankfurt rose strongly on the positive transatlantic signals and was also cheered by a firmer bond market. Public authority paper climbed between a half and a full point, and the Bundesbank sold DM180.1m of stock compared with DM53.5m on Friday. The stock market was apparently not hurt by the conservative Christian Democratic Union's electoral losses on Sunday.

The Commerzbank index, measured at mid-session, was up 29 at 2,003.5.

Exporters made spirited advances as the D-Mark fix rose to DM1.8157 to the dollar. Daimler climbed DM14 to DM1,114 in a stronger car sector. BMW was DM4 up at DM757 and VW gained DM4.30 to DM403.80.

Chemicals followed suit, with Bayer up DM8.50 to DM361.50, BASF adding DM7 to DM340 and Hoechst DM7.30 better at DM331.70.

Siemens added DM22.50 to DM666. The company attributed the rise to positive reports being prepared about the group by banks and denied vague market rumours connecting the group with possible takeover news. Elsewhere in the sector, AEG fell DM1 to DM341.

Banks all moved ahead, with Deutsche DM2 higher at DM698.50, Dresdner *DM5* up at *DM362.50* and Commerzbank DM4 firmer at DM303.50. The latter said it would handle the sale of 60 per cent of vehicle parts maker Boge to the public for DM225 each.

In other stocks, retailer Karstadt jumped DM17 to DM580. Machine maker Linde added DM5 to DM755 and steel group Thyssen made up DM3.50 to DM138.50.

Brussels gained broadly but closed off the session's highs in thin trade. Réserve, the share of holding group Société Générale de Belgique, acted as a depressant, shedding BFr55 to BFr3,800 as the buying of late last week dried up.

Other holding groups suffered, with Bruxelles Lambert BFr50 off at BFr4,060 amid press reports that the US Government was hastening investigations into associate US group Drexel Burnham Lambert.

Industrials, though, were cheered by the stronger dollar, and Petrofina climbed BFr125 to BFr13,375 while among chemicals Solvay was up BFr100 at BFr14,450 and UCB higher by BFr50 at BFr10,950.

Kredietbank starred among financials with a BFr260 surge to BFr4,770.

Paris was mixed to slightly higher, with shares finding some opening support from the weekend agreement to reinforce the European Monetary System.

Shares in textile group Prouvost were suspended at a new record price of FFr618, up FFr37 from Friday's close of FFr580, due to insufficient selling orders. Chargeurs' recent acquisition of a large stake in the group has fuelled considerable takeover speculation.

Spie Batignolles featured with a FFr16 rise to FFr581, and Saint Gobain notched up FFr11.10 to FFr506.

Losing issues included Vallourec, down FFr4.50 to FFr68, and Matra, which was FFr70 off at FFr2,210.

Stockholm hit a further record, its sixth in seven sessions, as domestic institutional buying continued unabated. The Veckans Affarer all-share index gained 0.5 to 355.1.

There was some caution, however, in advance of the ruling Social Democratic Party's convention, which opens at the weekend, and of vital economic indicators to be released today.

Amsterdam edged higher in sprightly trade, with internationals buoyed largely by the dollar and Wall Street's bright Monday opening. Domestic issues were flatter. The CBS all-share index was 1.7 up at 104.2.

Royal Dutch was the sole loser among blue chips, dragged down Fl *3.40 to Fl 261.50 as it traded ex a Fl* 4.50 dividend.

Unilever, however, improved Fl 4.90 to Fl 144.10 and Akzo Fl 3.60 to Fl 176.60. Most insurers also edged higher, Amev by Fl 1.20 to Fl 62.30.

Madrid also reached a new high in heavy buying by institutional and individual investors. The general index added 6.08 to 316.42. Strong chemicals were led by a 123 percentage point jump by Cros to 1,355 per cent of nominal market value. Telefonica, which said it was planning a capital increase, added 7.5 points to 234.75 per cent.

Milan fell in a jittery session following Sunday's government announcement of measures to support the lira and arrest the rate of increase in bank lending.

Oslo gained slightly on bargain-hunting after Friday's sell-off. The all-share index rose 0.3 to 418.2.

Zurich was closed for a local holiday.

LONDON

UNSURPRISED by the August figures for producer prices and retail sales, investors took heart from market trends in Tokyo and New York, and speculative buying pushed equity prices higher.

The FT-SE 100 index closed up 10.6 at 2,271.8, and the FT Ordinary index was 4.4 higher at 1,768.2. Details, Page 42

Helsinki soars again to new high

THE HELSINKI bourse rose to a record high for the second consecutive trading day as strong demand for Union Bank of Finland and Kop shares sent the banking sector soaring, *Reuter reports from Helsinki.*

Dealers said the new peak coincided with a simplification of the trading system which had slowed volume as operators were not yet used to it.

"We should have an even better market tomorrow," one dealer commented.

The market view was that bank shares were undervalued and possible changes in legislation made the sector look more interesting, dealers said.

The Unitas all-share index rose 6 per cent to 634 from 639.5 on Friday, but turnover slipped to *FM71m* from Friday's FM91m.

A total of 68 shares rose, 35 fell and 36 remained unchanged.

ASIA

Chemicals, high-techs underpin modest advance

TOKYO

NUDGED by strong technology stocks and selected chemicals, the Nikkei average of 225 issues temporarily surpassed 25,000 for the first time in four sessions in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The market barometer fell back, however, to close beneath the mark as buying dwindled in the afternoon. In the morning, the average notched up 293 to 25,121, but the gain was gradually eroded and the average closed 125.75 higher than Friday's close at 24,954.02. Volume was 750.34m shares, compared with Friday's 862.32m.

Friday's announcement of the US July trade figures freed investors from the fears which had shackled them since early last week. The firm US market, despite the record high trade deficit of $16.4bn, and the yen's dip in Tokyo prompted investors to seek high-tech issues, stocks related to Nippon Telegraph and Telephone (NTT) and large-capitalisation shares.

Buying interest was not strong, however, and turnover in the afternoon was only half the morning's estimated 500m shares.

High-tech stocks remained strong throughout the day. The unexpected drop in the yen fuelled a market belief that the currency would fall further against the dollar, improving high-tech companies' export profitability.

Hitachi was the most popular stock in the sector, gaining Y40 to Y1,320 on the sixth-busiest trade of 24.97m shares. Fujitsu and Mitsubishi Electric each added Y30 to Y1,410 and Y670, respectively, placing eighth and ninth on the actives list.

Buying of Matsushita Electric industrial swelled towards the close, pushing it to Y2,570, up Y80.

Among NTT-related stocks, Oki Electric rose Y18 to Y863 despite the absence of any fresh factors to encourage buying. Shindengen Electric closed Y80 higher at Y1,200 and Hitachi Cable Y50 up at Y1,400.

Nippon Steel, which drew heavy buying from the big four securities houses, returned to the top of the active list on trade of 105.78m, with volume exceeding 100m shares for the first time in many sessions. It gained Y10 to Y370. Mitsubishi Heavy Industries placed second with 45.57m shares, climbing Y50 to Y637, while Kobe Steel and Kawasaki Steel finished Y3 and Y6 higher, respectively, at Y313 and Y319.

Mitsubishi Petrochemical soared Y100 to Y1,410, Teijin rose Y22 to Y875 and Ishihara Sangyo gained Y23 to Y813. Many pharmaceuticals firmed, albeit on low trade, along with chemicals, with Tanabe Seiyaku leaping Y100 to Y2,100 and Takeda Chemical Y80 to Y3,280.

Financials opened higher on a broad front but came under selling pressure in the afternoon. Mitsubishi Bank was Y20 down at Y2,980 and Nomura Securities Y30 cheaper at Y4,300.

Bond prices firmed in thin trading confined to transactions by dealers. The December futures contract of government bonds, which plunged below par late last week due to the Tateho Chemical incident, rallied Y0.82 to Y100.70.

This prompted those who had sold short to buy back on the cash market and the yield on the bellwether 5.1 per cent government bond due in June 1996 fell from Friday's 5.550 per cent to 5.300 per cent in block trading on the Tokyo Stock Exchange.

On the Osaka Securities Exchange prices continued to firm on light buying, with the OSE stock average advancing 85.13 over last Friday to 25,687.20.

Tateho Chemical drew buying, as it has secured the support of banks to restore its finances dented by bond investment losses, scoring a daily maximum gain of Y100 to Y848. Daiwa Danchi soared Y80 to Y1,100, reflecting brisk business, but profit-taking pushed down Omikenshi Y70 to Y1,320.

HONG KONG

THE SUSPENSION of trading in Cheung Kong group shares sparked off a bout of nerves in Hong Kong and sent the Hang Seng index down 52 points before it recovered to end 10.66 lower at 3,649.84. The Hong Kong index finished down 7.46 to 2,398.63.

Trading became more volatile as rumours of a rights issue developed, and volume was heavy but down HK$66m from Friday at HK$1.99bn. After the market closed, the group unveiled a mammoth set of rights issues and announced it had bought a 4.9 per cent stake in Cable and Wireless of the UK.

The market has been struck by periodic jitters over the past two months as rumours of an imminent fund-raising by the Cheung Kong group have come and gone.

Properties were sharply lower, but the utility sub-index was boosted by a HK$1.10 jump in Hongkong Telephone to HK$17 on rumours that Mr Li Kashing, who controls the Cheung Kong group, wanted to buy a big stake. Cable and Wireless holds some 80 per cent of Hongkong Telephone.

AUSTRALIA

A GOOD session for Sydney industrial shares contrasted with a poor one for mining issues, and the All Ordinaries index closed off 0.7 at 2,306.0 in fairly thin trading.

A further easing in local interest rates helped the industrial sector on the eve of the national budget. Ariadne, the industrial, property and resources conglomerate, added 3 cents to A$2.86 on news of sharply higher profits.

Retailer David Jones rose 50 cents to A$13.20 in advance of its profits this week.

Among miners, MIM, which reported static results, ended steady at A$3.66 after falling to A$3.55 amid national turnover of 3.1m shares. On Friday Asarco of the US said it would sell part of its substantial stake in the mining group.

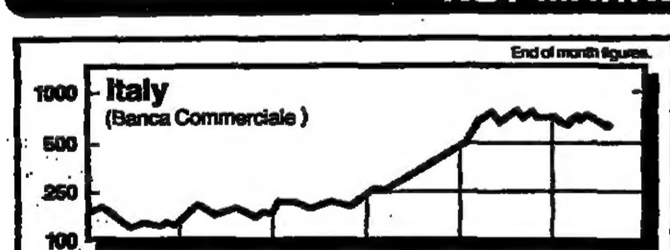
SINGAPORE

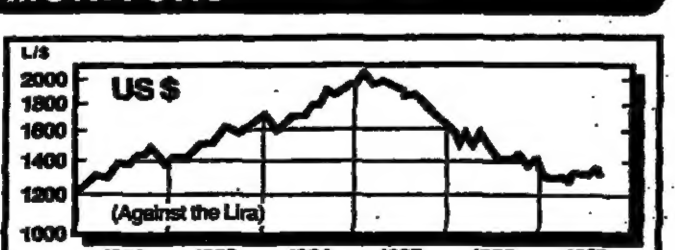
THE NEW settlements system continued to hang over the Singapore market, and prices moved very little in thin trading. The Straits Times industrial index ended just 1.56 higher at 1,467.67.

Many investors were taking a cautious approach as the first deals transacted under the new system, introduced last Monday, fell due for settlement.

KEY MARKET MONITORS

End of month figures





STOCK MARKET INDICES

NEW YORK	Sept 14	Prev	Year ago
DJ Industrials	2,613.04	2,608.74	1,758.72
DJ Transport	1,038.72	1,032.53	737.38
DJ Utilities	199.86	199.92	198.78
S&P Comp.	323.08	317.13	230.67
LONDON FT			
Ord	1,775.4	1,763.8	1,289.26
SE 100	2,271.8	2,261.2	1,608.60
A All-share	1,160.61	1,155.84	804.09
A 500	1,272.32	1,268.57	882.80
Gold mines	449.5	453.0	312.2
A Long gilt	9.97	9.87	9.91
World Act. Ind (Sept 11)	135.46	134.49	95.80
TOKYO			
Nikkei	24,954.02	24,828.27	18,100.5
Tokyo SE	2,065.57	2,062.49	1,498.87
AUSTRALIA			
All Ord.	2,206.0	2,206.7	1,235.9
Metals & Mins.	1,400.5	1,403.1	615.2
AUSTRIA			
Credit Aktien	215.66	214.49	236.87
BELGIAN SE			
SE	5,199.40	5,128.35	3,894.48
CANADA			
Toronto			
Met.& Mins.	3,294.2*	3,292.0	2,142.10
Composite	3,941.4*	3,904.8	3,002.3
Montreal			
Portfolio	1,955.63*	1,951.09	1,507.56
DENMARK SE			
SE	n/a	208.29	196.36
FRANCE			
CAC Gen	431.80	431.9	383.9
Ind. Tendance	111.90	111.6	92.38
WEST GERMANY			
FAZ-Aktien	650.27	640.90	674.92
Commerzbank	2,003.50	1,974.20	2,035.7
HONG KONG Hang Seng	3,649.84	3,660.50	1,966.33
ITALY Banca Comm.	593.22	603.12	755.09
NETHERLANDS ANP CBS			
Gen	N/A	313.6	288.3
Ind	N/A	283.7	291.9
NORWAY Oslo SE	N/A	380.26	377.89
SINGAPORE Straits Times	1,467.60	1,466.10	834.21
SOUTH AFRICA JSE			
Golds	—	2,382.0	1,878.0
Industrials	—	2,225.0	1,352.0
SPAIN Madrid SE	316.42	310.34	196.40
SWEDEN J & P	3,134.30	3,131.1	2,484.42
SWITZERLAND Swiss Bank Ind	700.40	694.8	561.9

COMMODITIES (London)

	Sept 14	Prev
Silver (spot fixing)	481.10p	474.55p
Copper (cash)	£1,105.00	£1,100.25
Coffee (Sept)	£1,291.50	£1,292.50
Oil (Brent Blend)	$18.375	$18.175

GOLD ($/oz)

	Sept 14	Prev
London	$456.25	$459.00
Zürich	$456.75	$459.75
Paris (fixing)	$456.85	$462.67
Luxembourg	$457.30	$461.75
New York (Dec)	$463.80	$464.30

CURRENCIES (London)

	US DOLLAR Sept 14	US DOLLAR Previous	STERLING Sept 14	STERLING Previous
$	–	–	1.6370	1.6505
DM	1.8170	1.8005	2.9750	2.9725
Yen	144.40	142.80	236.50	2.3575
FFr	6.0675	6.0250	9.9325	9.9450
SFr	1.5070	1.4895	2.4675	2.4550
Fl	2.0455	2.0235	3.3475	3.3400
Lira	1,311.5	1,304	2,147	2,152
BFr	37.80	37.35	61.85	61.65
C$	1.3160	1.3200	2.1565	2.1755

INTEREST RATES

	Sept 14	Prev
Euro-currencies (3-month offered rate)		
£	10	10⅛
SFr	3⅝	3⅝
DM	3¹⁵⁄₁₆	4
FFr	8	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	7⅞	7⅝
6-month US$	7¹⁵⁄₁₆	8
US Fed Funds	7⅝*	6⅝
US 3-month CDs	7.20*	7.575
US 3-month T-bills	6.325*	6.53

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Sept 14 (Sept)	84-26	85-07	84-01	84-15
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.63	93.64	93.58	93.60
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	n/a	n/a	n/a	93.96
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.50	92.50	92.47	92.42
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	114-04	114-22	114-02	114-07

US BONDS

Treasury

	September 14 Price	September 14 Yield	Prev Price	Prev Yield
7⅞ 1989	99⁹⁄₃₂	8.24	98²⁷⁄₃₂	8.344
7 1994	94⁵⁄₃₂	9.146	93²⁵⁄₃₂	9.25
8⅞ 1997	95¹⁷⁄₃₂	9.33	94²⁹⁄₃₂	9.44
8¾ 2017	93²⁷⁄₃₂	9.521	92²⁹⁄₃₂	9.609

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index (September 14)	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	September 14 Price	September 14 Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	92	7.05	92.25	6.97
SCBT South Central 10⅞ Jan 1993	101	10.63	101.0	10.63
Phibro Sal 8 April 1996	86.59	10.40	87.09	10.30
TRW 8⅞ March 1996	91.91	10.20	92.17	10.15
Arco 9⅞ March 2016	94.79	10.45	93.51	10.60
General Motors 8⅛ April 2016	78.95	10.45	77.85	10.60
Citicorp 9⅞ March 2016	98.08	10.95	95.92	11.00

Source: Salomon Brothers

* Latest available figures